

Moorcroft Debt Recovery Limited  
Annual report  
for the year ended 31 July 2005

Registered Number 1703704



# Moorcroft Debt Recovery Limited

## Annual report

for the year ended 31 July 2005

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# **Moorcroft Debt Recovery Limited**

## **Directors and Advisors**

### **Directors**

N G McRoberts  
A J McRoberts  
R N McRoberts  
A J Martin-McRoberts

### **Secretary**

A J McRoberts

### **Auditors**

PricewaterhouseCoopers LLP  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### **Solicitors**

Pannone & Partners  
123 Deansgate  
Manchester  
M3 2BU

### **Registered Office**

Moorcroft House  
2 Spring Gardens  
Stockport  
Cheshire  
SK1 4AJ

### **Registered Number**

1703704

# **Moorcroft Debt Recovery Limited**

## **Directors' report for the year ended 31 July 2005**

The directors present their report and the audited financial statements for the year ended 31 July 2005.

### **Principal activity**

The principal activity of the company during the year was the provision of debt recovery and related services to the credit industry.

### **Review of business and future developments**

The level of business during the year and the financial position at 31 July 2005 were satisfactory. The company is continuing to expand in the provision of debt recovery and related services.

### **Dividends and transfers to reserves**

The directors have paid a dividend of £ 4,800,000 (2004: £4,700,000) in respect of the year ended 31 July 2005. After payment of the dividend, the profit for the financial year of £487,792 (2004: £295,180) was transferred to reserves.

### **Directors and their interests**

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

N G McRoberts (Chairman and managing director)  
A J McRoberts  
R N McRoberts  
A J Martin-McRoberts

The directors are also directors of the company's parent company, Moorcroft Group plc, and their interests in the shares of group companies are disclosed in the financial statements of that company.

### **Statement of directors' responsibilities**

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the year to that date. In preparing those financial statements the directors are required:

- to select suitable accounting policies and then apply them consistently;
- to make judgements and estimates that are reasonable and prudent;
- to state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements of the company comply with the Companies Act 1985. The directors 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.

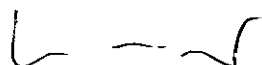
# **Moorcroft Debt Recovery Limited**

## **Directors' report for the year ended 31 July 2005 (continued)**

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**By order of the board on 12 December 2005**



**A J McRoberts**  
**Company secretary**

# **Independent auditors' report to the members of Moorcroft Debt Recovery Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

## **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 July 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Manchester

*12 October 2005*

# Moorcroft Debt Recovery Limited

## Profit and loss account for the year ended 31 July 2005

|  | Note | 2005<br>£        | 2004<br>£        |
|--|------|------------------|------------------|
| Earned income  |      | 31,113,848       | 29,420,702       |
| Administrative expenses                              | 1    | (23,537,273)     | (22,161,736)     |
| <b>Operating profit</b>                              |      | <b>7,576,575</b> | <b>7,258,966</b> |
| Interest payable and similar charges                 | 2    | (22,586)         | (121,335)        |
| <b>Profit on ordinary activities before taxation</b> |      | <b>7,553,989</b> | <b>7,137,631</b> |
| Tax on profit on ordinary activities                 | 3    | (2,266,197)      | (2,142,451)      |
| <b>Profit for the financial year</b>                 |      | <b>5,287,792</b> | <b>4,995,180</b> |
| Dividends  | 4    | (4,800,000)      | (4,700,000)      |
| <b>Retained profit for the financial year</b>        | 8, 9 | <b>487,792</b>   | <b>295,180</b>   |

The above results relate to continuing operations.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7 to 10 form part of these financial statements.

# Moorcroft Debt Recovery Limited

## Balance sheet as at 31 July 2005

|   | Note | 2005<br>£           | 2004<br>£           |
|---|------|---------------------|---------------------|
| <b>Current assets</b>                                 |      |                     |                     |
| Debtors   | 5    | 5,139,965           | 5,646,672           |
| Cash at bank and in hand                              |      | 8,794,673           | 6,694,606           |
|   |      | <b>13,934,638</b>   | <b>12,341,278</b>   |
| <b>Creditors: amounts falling due within one year</b> | 6    | <b>(11,584,121)</b> | <b>(10,478,553)</b> |
| <b>Net assets</b>                                     |      | <b>2,350,517</b>    | <b>1,862,725</b>    |
| <b>Capital and reserves</b>                           |      |                     |                     |
| Called up share capital                               | 7    | 50,000              | 50,000              |
| Profit and loss account                               | 8    | 2,300,517           | 1,812,725           |
| <b>Equity shareholders' funds</b>                     | 9    | <b>2,350,517</b>    | <b>1,862,725</b>    |

The financial statements on pages 5 to 10 were approved by the board of directors on 12 December 2005 and were signed on its behalf by:



**N G McRoberts**  
Director

The notes on pages 7 to 10 form part of these financial statements.



# **Moorcroft Debt Recovery Limited**

## **Accounting policies**

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, are set out below.

### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention. Under the exemptions granted to wholly owned subsidiaries under Financial Reporting Standard No 1 (revised 1996), the company, being a wholly owned subsidiary of Moorcroft Group plc, has not presented a cash flow statement.

### **Earned income and administrative expenses**

All income arises from the company's principal activity, the provision of debt recovery and related services to the credit industry, and is earned in the UK.

Earned income represents commission received for the recovery of debts and other ancillary services.

For the purposes of bought debt books, the company recognises gross amounts collected in earned income. The costs of bought debts are charged to administrative expenses such that profit is recognised when cash collected exceeds the cost of the related bought debt.

### **Deferred taxation**

Provision is made for deferred taxation arising from non-permanent timing differences that have originated but not reversed by the balance sheet date, using the full provision method in accordance with Financial Reporting Standard 19 'Deferred Taxation'. Deferred tax balances are not discounted.

# Moorcroft Debt Recovery Limited

## Notes to the financial statements for the year ended 31 July 2005

### 1 Administrative expenses

The parent company, Moorcroft Group plc, holds all the fixed assets used by the company, pays all wages and salaries, audit fees and a proportion of other operating expenses. These costs are then recharged by means of an annual management charge.

### 2 Interest payable and similar charges

|                        | 2005<br>£ | 2004<br>£ |
|------------------------|-----------|-----------|
| Bank interest payable  | 22,586    | 100,811   |
| Other interest payable | -         | 20,524    |
|                        | 22,586    | 121,335   |

### 3 Taxation

|   | 2005<br>£ | 2004<br>£ |
|---|-----------|-----------|
| <b>Current tax</b>                      |           |           |
| UK corporation tax – current year       | 2,266,197 | 2,141,289 |
| Adjustments in respect of prior periods | -         | 1,162     |
| Total current tax                       | 2,266,197 | 2,142,451 |

The actual tax charge differs from the standard rate for the reasons set out in the following reconciliation:

|   | 2005<br>£ | 2004<br>£ |
|---|-----------|-----------|
| Profit on ordinary activities before tax                    | 7,553,989 | 7,137,631 |
| Tax on profit on ordinary activities at standard rate (30%) | 2,266,197 | 2,141,289 |
| Adjustments to tax charge in respect of prior periods       | -         | 1,162     |
| Actual tax charge   | 2,266,197 | 2,142,451 |

There are no significant factors that will affect the future tax charge

### 4 Dividends

|   | 2005<br>£ | 2004<br>£ |
|---|-----------|-----------|
| Dividends proposed of £96 per share (2004: £94 per share) | 4,800,000 | 4,700,000 |

# Moorcroft Debt Recovery Limited

## 5 Debtors

|  | 2005<br>£        | 2004<br>£        |
|--|------------------|------------------|
| <b>Amounts falling due within one year</b> |                  |                  |
| Trade debtors                              | 5,139,965        | 5,571,672        |
| Other debtors                              | -                | 75,000           |
|  | <b>5,139,965</b> | <b>5,646,672</b> |

## 6 Creditors: amounts falling due within one year

|   | 2005<br>£         | 2004<br>£         |
|---|-------------------|-------------------|
| Bank loans                                  | -                 | 468,056           |
| Trade creditors and amounts owed to clients | 5,188,048         | 4,642,897         |
| Amounts owed to parent undertaking          | 4,999,297         | 3,542,059         |
| Corporation tax                             | 344,198           | 851,289           |
| Other taxation and social security payable  | 927,192           | 918,830           |
| Accruals and deferred income                | 125,386           | 55,422            |
|   | <b>11,584,121</b> | <b>10,478,553</b> |

The bank loan bears interest at 6.25% and is repayable in equal monthly instalments ending 1 December 2004. It is secured against the income stream on certain bought debt included in trade debtors (note 5).

Amounts owed to parent undertaking are unsecured, interest free and repayable on demand.

## 7 Called up share capital

|   | 2005<br>£ | 2004<br>£ |
|---|-----------|-----------|
| <b>Authorised</b>                         |           |           |
| 1,000,000 ordinary shares of £1 each      | 1,000,000 | 1,000,000 |
| <b>Allotted, called up and fully paid</b> |           |           |
| 50,000 ordinary shares of £1 each         | 50,000    | 50,000    |

## 8 Reserves

|                        | Profit and<br>loss account<br>£ |
|------------------------|---------------------------------|
| At 1 August 2004       | 1,812,725                       |
| Profit for the year    | 487,792                         |
| <b>At 31 July 2005</b> | <b>2,300,517</b>                |

# Moorcroft Debt Recovery Limited

## 9 Reconciliation of movements in shareholders' funds

|                                     | 2005<br>£   | 2004<br>£   |
|-------------------------------------|-------------|-------------|
| Profit for the financial year       | 5,287,792   | 4,995,180   |
| Dividends                           | (4,800,000) | (4,700,000) |
| Net addition to shareholders' funds | 487,792     | 295,180     |
| Opening shareholders' funds         | 1,862,725   | 1,567,545   |
| Closing shareholders' funds         | 2,350,517   | 1,862,725   |

## 10 Ultimate parent company and controlling party

The directors regard Moorcroft Group plc, a company registered in England and Wales, as the ultimate parent company. According to the register kept by the company, Moorcroft Group plc had a 100% interest in the equity capital of Moorcroft Debt Recovery Limited at 31 July 2005.

N G McRoberts, the chairman, is the controlling party of Moorcroft Group plc by virtue of his controlling interest in that company's equity capital.

## 11 Related party transactions

The company has taken advantage of the exemption provided in FRS8: Related Party Disclosures from disclosure of transactions with other group companies.