

Moorcroft Debt Recovery Limited
Annual report
for the year ended 31 July 2007

Registered Number 1703704

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Moorcroft Debt Recovery Limited

Annual report

for the year ended 31 July 2007

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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 4AA

Registered Number

1703704

Moorcroft Debt Recovery Limited

Directors' report for the year ended 31 July 2007

The directors present their report and the audited financial statements for the year ended 31 July 2007

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 2007 were satisfactory. The company is continuing to expand in the provision of debt recovery and related services.

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risk affecting the company is considered to be competition within the market.

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.

Results and dividends

The directors have paid a dividend of £6,400,000 (2006: £4,800,000) in respect of the year ended 31 July 2007. After payment of the dividend, the loss for the financial year of £586,269 (2006: Profit £368,775) was transferred from reserves.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Moorcroft Debt Recovery Limited

Directors' report for the year ended 31 July 2007 (continued)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk and interest rate risk

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department monitors circumstances to determine where it would be appropriate to use financial instruments to manage financial risks.

Price risk

The company is exposed to little price risk as a result of its operations. Therefore, the directors consider that the costs of managing exposure to price risk exceed any potential benefits. The directors will continue to monitor the appropriateness of this policy. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, all of which earn interest at variable rates. The company does not place cash on short term deposits.

Disclosure of information to Auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 23 November 2007



A J McRoberts
Company secretary

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

We have audited the financial statements of Moorcroft Debt Recovery Limited for the year ended 31 July 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

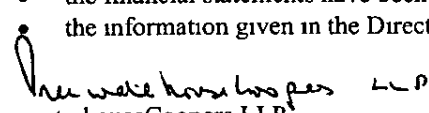
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
23 November 2007

Moorcroft Debt Recovery Limited

Profit and loss account for the year ended 31 July 2007

	Note	2007 £	2006 £
Earned income		40,262,276	35,287,412
Administrative expenses	1	(31,915,122)	(28,082,680)
Operating profit		8,347,154	7,204,732
Interest payable and similar charges	2	-	-
Profit on ordinary activities before taxation		8,347,154	7,204,732
Tax on profit on ordinary activities	3	(2,533,423)	(2,035,957)
Profit for the financial year		5,813,731	5,168,775

The above results relate to continuing operations

The notes on pages 7 to 11 form part of these financial statements

The company has no recognised gains and losses other than those included in the Profit and loss account above, and therefore no separate statement of recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

	Note	2007 £	2006 £
Dividends	4	(6,400,000)	(4,800,000)
Retained (loss)/profit for the financial year	9, 10	(586,269)	368,775

Moorcroft Debt Recovery Limited

Balance sheet as at 31 July 2007

	Note	2007 £	2006 £
Current assets			
Debtors	5	9,232,303	8,700,392
Cash at bank and in hand		12,453,194	7,861,989
		21,685,497	16,562,381
Creditors: amounts falling due within one year	6	(14,752,474)	(9,043,089)
Net assets		6,933,023	7,519,292
Capital and reserves			
Called up share capital	8	50,000	50,000
Profit and loss account	9	6,883,023	7,469,292
Equity shareholders' funds	10	6,933,023	7,519,292

The financial statements on pages 5 to 11 were approved by the board of directors on 23 November 2007 and were signed on its behalf by



N G McRoberts
Director

The notes on pages 7 to 11 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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Cash flow

The company is a wholly owned subsidiary company of a group headed by Moorcroft Group plc, and is included in the consolidated accounts of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

Current Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Moorcroft Debt Recovery Limited

Notes to the financial statements for the year ended 31 July 2007

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

	2007 £	2006 £
Bank interest payable	-	-
Other interest payable	-	-
	-	-

3 Taxation

	2007 £	2006 £
Current tax		
UK corporation tax – current year	2,468,823	2,154,540
Adjustments in respect of prior periods	60,538	(57,655)
Total current tax	2,529,361	2,096,885
Deferred tax		
Origination and reversal of timing differences	4,062	(60,928)
Total tax	2,533,423	2,035,957

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

	2007 £	2006 £
Profit on ordinary activities before tax	8,347,154	7,204,732
Tax on profit on ordinary activities at standard rate (30%)	2,504,146	2,161,419
Other timing differences	-	60,928
Income not included for tax purposes	(35,323)	(67,807)
Adjustments to tax charge in respect of prior periods	60,538	(57,655)
Actual tax charge	2,529,361	2,096,885

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

Moorcroft Debt Recovery Limited

Notes to the financial statements for the year ended 31 July 2007 (continued)

4 Dividends

	2007 £	2006 £
Dividends of £128 per share (2006 £96 per share)	6,400,000	4,800,000

5 Debtors

	2007 £	2006 £
Amounts falling due within one year		
Trade debtors	8,242,783	7,742,728
Prepayments and accrued income	932,654	896,736
Deferred tax asset	56,866	60,928
	9,232,303	8,700,392

6 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors and amounts owed to clients	7,277,046	6,125,065
Amounts owed to parent undertaking	4,150,641	762,332
Corporation tax	1,182,619	893,612
Payable for Group Relief	86,204	-
Other taxation and social security payable	1,364,953	1,131,764
Accruals and deferred income	691,011	130,316
	14,752,474	9,043,089

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

Moorcroft Debt Recovery Limited

Notes to the financial statements for the year ended 31 July 2007 (continued)

7 Deferred Tax

The amounts recognised in respect of deferred taxation in the year are as follows

	Company	
	2007 £	2006 £
Other timing differences	56,866	60,928

There are no unprovided amounts of deferred tax

Movements in deferred tax are as follows

	£
As at 1 August 2006 (note 5)	60,928
Charged to the profit and loss account (note 3)	(4,062)
As at 31 July 2007 (note 5)	56,866

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has recognised in these financial statements

8 Called up share capital

	2007 £	2006 £
Authorised		
1 000 000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000

9 Reserves

	Profit and loss account £
At 31 July 2006 as previously reported	7,469,292
Loss for the year	(586,269)
At 31 July 2007	6,883,023

Moorcroft Debt Recovery Limited

Notes to the financial statements for the year ended 31 July 2007 (continued)

10 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	5,813,731	5,168,775
Dividends	(6,400,000)	(4,800,000)
Net addition to shareholders' funds	(586,269)	368,775
Opening shareholders' fund as reported	7,519,292	7,150,517
Closing shareholders' funds	6,933,023	7,519,292

11 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 2007.

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.

12 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Moorcroft Group plc, whose accounts are publicly available.