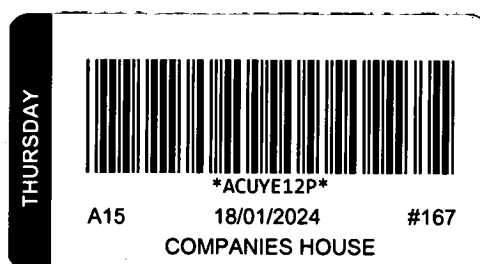


Moorcroft Debt Recovery Limited  
Annual report and financial statements  
for the year ended 31 July 2023

Registered number 1703704



# **Moorcroft Debt Recovery Limited**

## **Annual report and financial statements**

### **for the year ended 31 July 2023**

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# **Moorcroft Debt Recovery Limited**

**Registered Number 1703704**

## **Directors and advisors for the year ended 31 July 2023**

### **Directors**

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

### **Company secretary**

A J McRoberts

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Hardman Square  
Manchester  
M3 3EB

### **Solicitors**

Nelson Solicitors Limited  
Pennine House  
8 Stanford Street  
Nottingham  
NG1 7BQ

### **Registered office**

Moorcroft House  
No.2 Spring Gardens  
Stockport  
Cheshire  
SK1 4AA

### **Registered number**

1703704

# **Moorcroft Debt Recovery Limited**

**Registered Number 1703704**

## **Strategic report for the year ended 31 July 2023**

The directors present their Strategic Report for the year ended 31 July 2023.

### **Principal activities**

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 company is continuing to provide debt recovery and related services.

Our overall work volumes from historical clients have remained steady but still have not returned to the pre-pandemic level. As reported last year this trend coupled with higher incidence of debt sale has led the company to diversify into new markets such as commercial debt collection and Government debt. We were also working with clients on different portfolio types where possible.

The method with which we communicate with customers has continued to develop with over half of our interactions now being via our customer portal. This changing customer preference has also led us to develop an App which we have recently launched.

During the year we worked on an implementation plan for the new FCA Consumer Duty that came into force on 31st July 2023. We have completed the actions identified in the plan and will continue to improve our processes and systems where appropriate.

We are exposed to macro-economic factors that may affect customers' on-going ability to repay their accounts. We specifically consider the impact of rising interest rates and the on-going cost of living crisis to present challenges but are monitoring this closely via a number of key performance indicators such as average payment amounts and repayment plan default rates.

We remain confident that the future prospects of the business remains strong.

As at 31 July 2023, the company had net assets of £15,860,677 (2022: £15,143,693). The profit for the financial year ended 31 July 2023 was £2,716,984 (2022: £3,828,854).

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to be:

- Competition within the market;
- Cost required to ensure compliance with all relevant legislation and Financial Conduct Authority (FCA) regulations;
- Potential costs of non-compliance with all relevant legislation and FCA regulations; and
- External economic factors (including the cost of living crisis) impacting levels of debt and the customer's ability to maintain payment arrangements. Although we are unable to mitigate these, our approach is always to work with customers to provide, where possible, long term affordable solutions.

The directors attempt to mitigate these risks by maintaining close relationships with clients, industry bodies and, where appropriate regulators. New risks when identified are recorded centrally and discussed at regular internal Risk Committee meetings.

# **Moorcroft Debt Recovery Limited**

Registered Number 1703704

## **Strategic report for the year ended 31 July 2023 (continued)**

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk and climate change risk. The company is also exposed to risks associated with the wider economy as these can impact a customer's ability to make payments and so the company to earn income.

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 has identified price risk as changes in the commission rate on services it provides its customers. To manage this risk the company regularly reviews contracts with customers to secure the pricing structure going forward. Where clients deviate from traditional commission structures we will review the alternative model (e.g. fixed fees) to ensure that the company is adequately compensated.

### **Credit risk**

The company has identified credit risk as risk of non-settlement of invoices by its clients. The company has implemented policies that require appropriate credit checks on potential clients before contracts are agreed. The overdue invoices are reviewed on a regular basis, to determine reasons for none payment. To date we have not seen any deterioration in client payment behavior due to the pandemic or the cost of living crisis.

### **Liquidity risk**

The company has identified liquidity risk as the risk that the company will not have enough cash to meet its financial obligations (pay its debts) on time. The company produces cash flow forecasts to ensure the short to medium term liquidity is fully funded and the level of balances at the banks are monitored on a daily basis.

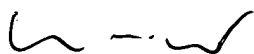
### **Climate change risk**

The company regularly assesses the risk that climate change poses to our operation. This includes assessments for flood risks and other environmental impacts of climate change. Due to the market place that the company operates in and the position of our offices, the current perceived risk is low. We have however taken steps to reduce our Carbon Footprint and became a Carbon Neutral organization during the period and are in the process of setting science based targets for future years.

### **Key performance indicators**

Revenue shows an overall year on year increase of 2.7% from £29,547,288 in 2022 to £30,338,055 in 2023. Profit for the financial year has decreased by 29.0% from £3,828,854 in 2022 to £2,716,984 in 2023.

The Strategic Report was approved by the Board of directors on 17 November 2023 and signed by its order by:



**A J McRoberts**  
Company secretary

# Moorcroft Debt Recovery Limited

Registered Number 1703704

## Directors' report for the year ended 31 July 2023

The directors present their audited annual report and financial statements of the company for the year ended 31 July 2023.

### Future developments

The company is continuing to expand in the provision of debt recovery and related services. The company expects to continue with its current activities in future periods.

### Results and dividends

The profit for the financial year ended 31 July 2023 was £2,716,984 (2022: £3,828,854).

The directors recommended the following should be paid by way of dividend:

	2023 £ per share	2023 £	2022 £ per share	2022 £
Interim paid 19 December 2022 (2022: 16 December 2021)	20.00	1,000,000	30.00	1,500,000
Final paid 24 April 2023 (2022: 5 May 2022)	20.00	1,000,000	40.00	2,000,000
Total dividend paid	40.00	2,000,000	70.00	3,500,000

After payment of the dividend, the accumulated profit for the financial year of £716,984 (2022: profit £328,854) was transferred to reserves.

### Creditor payment policy

For all trade creditors, it is the company's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

Trade creditor days for the company for the year ended 31 July 2023 were 15 days (2022: 13 days).

### Financial risk management

Details on financial risk are provided in the strategic report on page 3.

### Directors

The directors who held office during the financial year and up to the date of the signing the financial statements are listed on page 1 of these financial statements.

# **Moorcroft Debt Recovery Limited**

**Registered Number 1703704**

## **Directors' report for the year ended 31 July 2023 (continued)**

### **Charitable and political donations**

The Company donated £nil (2022: £nil) during the year.

### **Qualifying third party and pension scheme indemnity provisions**

The directors benefited from qualifying third party indemnity provisions in place during the year and up to the date of this report.

### **Statement of Directors' Responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are formally aware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# **Moorcroft Debt Recovery Limited**

**Registered Number 1703704**

## **Directors' report for the year ended 31 July 2023 (continued)**

### **Independent 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.

The Directors' report was approved by the Board of directors on 17 November 2023 and signed on its order by:



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



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

## Report on the audit of the financial statements

### Opinion

In our opinion, Moorcroft Debt Recovery Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 July 2023; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Moorcroft Debt Recovery Limited**

Registered Number 1703704

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

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 July 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Moorcroft Debt Recovery Limited**

Registered Number 1703704

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to rules of the Financial Conduct Authority ("FCA") and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and Financial Services and Market Act 2000 (FSMA). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiring with management and where appropriate, those charged with governance;
- review of Board meeting minutes;
- identifying and testing journal entries meeting specific fraud criteria, including unusual account combinations in the journal posted and journals posted with unusual descriptions;
- performing testing using historic data and alternative scenarios to validate significant assumptions within material accounting estimates;
- review of correspondence with the regulators, in particular the FCA; and
- reviewing the financial statement disclosures and agreeing them to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

**Moorcroft Debt Recovery Limited**

Registered Number 1703704

# Independent auditors' report to the members of Moorcroft Debt Recovery Limited (continued)

## Other required reporting

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Jennifer Hale*

Jennifer Hale (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

17 November 2023

# Moorcroft Debt Recovery Limited

Registered Number 1703704

## Statement of comprehensive income for the year ended 31 July 2023

	Note	2023 £	2022 £
<b>Revenue</b>			
Income from commissions revenue		27,961,694	26,781,949
Income from purchased loan portfolios		2,376,361	2,765,339
<b>Total revenue</b>	2	<b>30,338,055</b>	<b>29,547,288</b>
Administrative expenses	3	(26,899,407)	(24,822,591)
<b>Profit before taxation</b>		<b>3,438,648</b>	<b>4,724,697</b>
Tax on profit	4	(721,664)	(895,843)
<b>Profit for the financial year</b>		<b>2,716,984</b>	<b>3,828,854</b>
<b>Other comprehensive income:</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>2,716,984</b>	<b>3,828,854</b>

The above results relate to continuing operations.

The accounting policies and notes on pages 14 to 20 form part of these financial statements.

# Moorcroft Debt Recovery Limited

Registered Number 1703704

## Balance sheet as at 31 July 2023

	Note	2023 £	2022 £
<b>Current assets</b>			
Purchased loan portfolios	6	4,055,319	4,078,173
Debtors	7	5,141,881	3,286,800
Cash at bank and in hand		18,308,921	17,373,897
		27,506,121	24,738,870
<b>Creditors: amounts falling due within one year</b>	8	(11,475,735)	(9,354,191)
<b>Net current assets</b>		<b>16,030,386</b>	<b>15,384,679</b>
<b>Deferred tax liability</b>	9	<b>(169,709)</b>	<b>(240,986)</b>
<b>Net Assets</b>		<b>15,860,677</b>	<b>15,143,693</b>
<b>Capital and reserves</b>			
Called up share capital	10	50,000	50,000
Profit and loss account		15,810,677	15,093,693
<b>Total shareholders' funds</b>		<b>15,860,677</b>	<b>15,143,693</b>

The financial statements on pages 11 to 20 were approved by the Board of directors on 17 November 2023 and were signed on its behalf by:



**N.G. McRoberts**  
Director

The accounting policies and notes on pages 14 to 20 form part of these financial statements.

# Moorcroft Debt Recovery Limited

Registered Number 1703704

## Statement of Changes in Equity for the year ended 31 July 2023

	Note	Called up Share Capital £	Profit and Loss Account £	Total Shareholders' Funds £
<b>Balance as at 1 August 2021</b>	10	50,000	14,764,839	14,814,839
Profit and total comprehensive income for the financial year		-	3,828,854	3,828,854
Dividends	5	-	(3,500,000)	(3,500,000)
<b>Balance as at 31 July 2022</b>	10	50,000	15,093,693	15,143,693
Profit and total comprehensive income for the financial year		-	2,716,984	2,716,984
Dividends	5	-	(2,000,000)	(2,000,000)
<b>Balance as at 31 July 2023</b>	10	50,000	15,810,677	15,860,677

The above results relate to continuing operations.

# Moorcroft Debt Recovery Limited

Registered Number 1703704

## Notes to the financial statements for the year ended 31 July 2023

### 1 Accounting Policies

#### General information

Moorcroft Debt Recovery Limited is a private company limited by shares. The company is incorporated in the United Kingdom ("UK"). The address of its registered office is Moorcroft House, No. 2 Spring Gardens, Stockport, Cheshire, SK1 4AA.

#### Statement of compliance

The financial statements of Moorcroft Debt Recovery Limited have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that Moorcroft Debt Recovery Limited has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements. Disclosure in respect of liquidity risk management is set out on page 3.

##### (b) Revenue

All revenue solely 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.

Commission revenue represents commission received for the recovery of debts and is recognized when the underlying debt has been recovered.

Income from purchased loan portfolios represents the yield from acquired loan portfolios investments. Purchased loan portfolios are financial instruments that are accounted for under FRS 102, section 11 and recognised at fair value at the purchase date that equals the price paid. They are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method.

The EIR method is a method of calculating the amortised cost of purchased loan portfolio and of allocating interest income over the expected life of the portfolio. The EIR is the rate that exactly discounts the estimated future cash receipts of the purchased portfolio asset to the net carrying amount at initial recognition (i.e. the price paid to acquire the portfolio). When the estimate of future cash receipts on the purchased loan portfolios are revised, the carrying amount of the purchased portfolio asset is adjusted to reflect the present value of the revised estimated future cash receipts at the portfolio's original EIR. Any upwards or downwards revaluation is recognised in income from purchased loan portfolios within revenue.



# **Moorcroft Debt Recovery Limited**

Registered Number 1703704

## **Notes to the financial statements for the year ended 31 July 2023 (continued)**

### **1 Accounting Policies (continued)**

#### **(c) 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 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.

#### **(d) Current taxation**

Corporation tax payable is provided on taxable profits at the current rate. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

#### **(e) Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Moorcroft Debt Recovery Limited is a qualifying entity as its results are consolidated into the financial statements of Moorcroft Group Public Limited Company which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.1 7(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

#### **(f) Purchased Loan Portfolios**

The company's purchased loan portfolios are classified as basic financial instruments under FRS 102, section 11, and are measured at amortised cost using the EIR method less any impairment. Purchased loan portfolios are acquired at a deep discount and as a result the estimated future cash flows reflect the credit losses within each portfolio. The purchased loan portfolios are initially recorded at their fair value, being their acquisition price, and are subsequently measured at amortised cost using the EIR method. They are valued based on discounted expected cash flows over the portfolio's expected life. When estimated cash flows are revised, the original EIR remains unchanged and any adjustment to the carrying value is recognised in income from purchased loan portfolios within revenue. See note 6 for the carrying value of purchased loan portfolios.

#### **(g) Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned as these are disclosed in Moorcroft Group Public Limited Company (parent entity: note 19) financial statements.

# Moorcroft Debt Recovery Limited

Registered Number 1703704

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 1 Accounting Policies (continued)

#### (h) Cash at bank and in hand

Cash at bank and in hand includes, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Included within cash at bank and in hand and trade creditors is £5,640,863 (2022: £6,199,349) which is cash collected on behalf of clients that is due to be transferred to clients in due course and so not available to be utilised by the company.

#### Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Purchased Loan Portfolios

On acquisition, an estimate of the future cash flows over the portfolio's expected life is used to determine the original EIR. This estimate is performed based upon the historical performance of the portfolio where the data is known, comparison to other purchased loan portfolios with similar characteristics and other known factors. The expected life of portfolios is typically 5 years, although is assessed on an individual basis with certain portfolios having an expected life of up to 7 years. Once the portfolio is established the present value of future cash flows are monitored and revised where necessary, based on latest available information. The key estimates are therefore the forecast future cash flows and the expected life of each portfolio.

The valuation of the bought debt portfolios is sensitive to changes in the behavioral life of the portfolio. For example, an increase of 1 year in the behavioral life across all portfolios would result in the asset increasing by £432,678 (2022: £401,001).

### 2 Total revenue

All revenue solely 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.

	2023 £	2022 £
Income from commissions revenue	27,961,694	26,781,949
Income from purchased loan portfolios	2,376,361	2,765,339
<b>Total revenue</b>	<b>30,338,055</b>	<b>29,547,288</b>

### 3 Administrative expenses

The parent company, Moorcroft Group Public Limited Company, 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.

The directors did not receive any emoluments for their services to the company (2022: £nil). There are no employees of the company (2022: nil).

The audit fee of the company is borne by Moorcroft Group Public Limited Company, the total audit fee disclosed in those financial statements is £113,692 (2022: £99,000), of which £61,703 (2022: £52,038) is attributable to this company. Within the financial statements of Moorcroft Group Public Limited Company are disclosed £25,375 (2022: £33,200) payable to the company auditors for taxation compliance services.

# Moorcroft Debt Recovery Limited

Registered Number 1703704

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 4 Tax on profit

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits of the financial year	792,274	960,334
Adjustment in respect of previous periods	647	-
<b>Total current tax</b>	<b>792,921</b>	<b>960,334</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(71,296)	(64,491)
Effect of changes in tax rates	19	-
Total deferred tax	(71,277)	(64,491)
<b>Total tax on profit</b>	<b>721,644</b>	<b>895,843</b>

The actual tax charge is lower than (2022: is lower than) from the standard rate 21.01% (2022: 19.00%) for the reasons set out in the following reconciliation:

	2023 £	2022 £
Profit before taxation	3,438,648	4,724,697
Tax on profit before taxation multiplied by standard rate of corporation tax in the UK of 21.01% (2021: 19.0%):	722,304	897,692
Expenses not deductible	1	-
Transfer pricing adjustment	(1,327)	(1,849)
Adjustment in respect of previous periods	647	-
Tax rate changes	19	-
Total tax charge	721,644	895,843

# Moorcroft Debt Recovery Limited

Registered Number 1703704

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 5 Dividends

	2023 £	2022 £
Interim and final dividends of £40.00 per £1 ordinary share (2022: £70.00 per £1 ordinary share)	2,000,000	3,500,000

The dividends were fully paid in the year.

### 6 Purchased loan portfolios

	2023 £	2022 £
Amounts falling due within one year		
Purchased loan portfolios	4,055,319	4,078,173
	4,055,319	4,078,173

The movement in purchased loan portfolios were as follows:

	2023 £	2022 £
As at start of year	4,078,173	5,576,801
Purchased loan portfolios acquired in the year	2,047,610	771,337
Portfolios cash collections in the year	(4,446,825)	(5,035,304)
Income from purchased loan portfolios	2,376,361	2,765,339
As at end of year	4,055,319	4,078,173

### 7 Debtors

	2023 £	2022 £
Amounts falling due within one year		
Trade debtors	4,116,920	2,704,225
Prepayments and accrued income	1,024,961	582,575
	5,141,881	3,286,800

Trade debtors are stated after provision for impairment of £89,994 (2022: £91,534). The impairment expense credited was £nil (2022: £nil).

# Moorcroft Debt Recovery Limited

Registered Number 1703704

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 8 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	5,642,951	6,203,592
Amounts owed to parent undertaking	5,145,364	2,814,902
Amounts owed to group undertakings	169,145	169,415
Corporation tax	294,605	36,523
Other taxation and social security	170,827	97,096
Accruals and deferred income	52,843	32,663
	11,475,735	9,354,191

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

### 9 Deferred tax liability

	2023 £	2022 £
Short term timing differences	169,709	240,986
	169,709	240,986

There was no un-provided deferred tax at 31 July 2022 (2021: £nil)

	2023 £	2022 £
Deferred tax liability at start of year	240,986	305,477
Deferred tax credit to profit and loss account	(71,277)	(64,491)
Provision at end of year	169,709	240,986

# Moorcroft Debt Recovery Limited

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## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 10 Called up share capital

	2023 £	2022 £
<b>Authorised</b>		
1,000,000 (2022: 1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
<b>Allotted, and fully paid</b>		
50,000 (2022: 50,000) ordinary shares of £1 each	50,000	50,000

### 11 Ultimate parent company and controlling party

The directors regard Moorcroft Group Public Limited Company, a company registered in England and Wales, as the immediate and ultimate parent company. According to the register kept by the company, Moorcroft Group Public Limited Company had a 100% interest in the equity capital of Moorcroft Debt Recovery Limited at 31 July 2023. Moorcroft Group Public Limited Company is the smallest and largest group to consolidate the financial statements of the company and their financial statements are available at Moorcroft House, 2 Spring Gardens, Stockport, Cheshire, SK1 4AA.

NG McRoberts is the controlling party of Moorcroft Group Public Limited Company by virtue of his controlling interest in that company's equity capital and therefore the ultimate controlling party of Moorcroft Debt Recovery Limited.

### 12 Related party transactions

The company is exempt from disclosing transactions entered into between wholly owned subsidiaries within the Group.

There were no other related third party transactions that require disclosure.