

Moorcroft Group Public Limited Company  
Annual report and consolidated financial  
statements  
for the year ended 31 July 2011

Registered number 1704109



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for the year ended 31 July 2011

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# **Moorcroft Group Public Limited Company**

Registered number 1704109

## **Directors and advisors**

### **Directors**

N G McRoberts

S M 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

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**

1704109

# Moorcroft Group Public Limited Company

Registered number 1704109

## Directors' report for the year ended 31 July 2011

The directors present their annual report and the audited consolidated financial statements of the group and company for the year ended 31 July 2011

### Principal activity

The principal activity of the group 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 2011 were satisfactory. The group is continuing to expand in the provision of debt recovery and related services.

### Risks and uncertainties

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

### Key performance indicators

Given the straightforward nature of the business, the group'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 declared the following dividends:

	2011 £ per share	2011 £	2010 £ per share	2010 £
Interim paid 7 December 2010 (2010: 9 December 2009)	21.33	1,600,000	21.33	1,600,000
Interim paid 11 April 2011 (2010: 9 March 2010)	32.00	2,400,000	42.67	3,200,000
Interim paid 20 July 2011 (2010: 31 March 2010)	26.67	2,000,000	6.67	500,000
Total Dividend paid	80.00	6,000,000	70.67	5,300,000

After payment of the dividends, the retained profit for the financial year of £586,784 (2010: £409,198) will be transferred to reserves.

### Employment of disabled persons

Due consideration is given to applications for employment from disabled persons having regard to the particular aptitudes and abilities of the applicants concerned. Arrangements are made, wherever possible, for the retraining of employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities. The company provides for the adequate training, career development and promotion of disabled persons.

### Employee involvement

Employees are informed regularly about aspects of the business and its progress which the company considers are relevant to them, including communications through management channels or in writing as appropriate. The company involves employees in matters of concern to their jobs and work situation and endeavours to maintain a sense of identity with the company's aims and objectives. The effectiveness of employee communication is regularly reviewed by the directors and improvements implemented as required.

# **Moorcroft Group Public Limited Company**

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## **Directors' report for the year ended 31 July 2011 (continued)**

### **Creditor payment policy**

For all trade creditors, it is the group'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 group for the year ended 31 July 2011 were 43 days (2010 33 days)

### **Financial risk management**

The company and group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate cash flow 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 group is exposed to minimal 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 group has implemented policies that require appropriate credit checks on potential customers before sales are made.

### **Liquidity risk**

The group has debt finance from the directors of the company. It manages this, and any other bank facilities in such a way as to ensure that it has sufficient available funds for operations and planned expansions.

### **Interest rate cash flow risk**

The group 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. The company manages this risk by reviewing current and market rates on a regular basis.

### **Directors**

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

### **Charity Donations**

The company donated £600 (2010 £nil) to a number of local charities during the year.

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

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

# **Moorcroft Group Public Limited Company**

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## **Directors' report for the year ended 31 July 2011 (continued)**

### **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 prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that

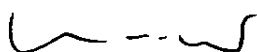
(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) each director has 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.

### **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.

By order of the Board on 25 November 2011



**A J McRoberts**  
Company secretary

# **Moorcroft Group Public Limited Company**

Registered number 1704109

## **Independent auditors' report to the members of Moorcroft Group Public Limited Company**

We have audited the group and parent company financial statements of Moorcroft Group Public Limited Company for the year ended 31 July 2011 which comprise the consolidated profit and loss account, the group and parent company balance sheets, the consolidated cash flow statement, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the statement of directors responsibilities set out on page 4 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent 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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2011 and of the group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter 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.

## **Moorcroft Group Public Limited Company**

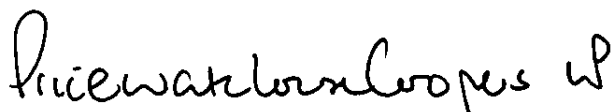
Registered number 1704109

### **Independent auditors' report to the members of Moorcroft Group Public Limited Company (continued)**

#### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Martin Heath (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

25 November 2011



# Moorcroft Group Public Limited Company

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## Consolidated profit and loss account for the year ended 31 July 2011

	Note	2011 £	2010 £
Earned income		40,496,341	38,389,094
Administrative expenses		(31,302,794)	(30,229,681)
<b>Operating profit</b>	3	<b>9,193,547</b>	<b>8,159,413</b>
Interest payable and similar charges	4	(147,115)	(148,229)
Bank interest receivable and similar income		31,617	31,515
<b>Profit on ordinary activities before taxation</b>		<b>9,078,049</b>	<b>8,042,699</b>
Tax on profit on ordinary activities	5	(2,491,265)	(2,333,501)
<b>Profit for the financial year</b>	14	<b>6,586,784</b>	<b>5,709,198</b>

The above results relate to continuing operations

The group 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 financial year stated above and their historical cost equivalents

### Appropriation

	Note	2011 £	2010 £
Dividends	6	(6,000,000)	(5,300,000)
<b>Retained profit for the financial year</b>	13,14	<b>586,784</b>	<b>409,198</b>

The accounting policies and notes on pages 10 to 21 form part of these financial statements


# Moorcroft Group Public Limited Company

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## Balance sheets as at 31 July 2011

		Group		Company	
	Note	2011 £	2010 £	2011 £	2010 £
<b>Fixed assets</b>					
Tangible assets	7	1,418,767	1,471,363	1,418,767	1,471,363
Investments	8	-	-	114	114
		1,418,767	1,471,363	1,418,881	1,471,477
<b>Current assets</b>					
Debtors	9	8,540,704	11,774,155	4,658,263	3,671,659
Cash at bank and in hand		14,541,367	10,051,553	543,382	1,197,638
		23,082,071	21,825,708	5,201,645	4,869,297
<b>Creditors: amounts falling due within one year</b>	10	(15,350,776)	(14,733,793)	(6,442,304)	(6,188,246)
<b>Net current assets/(liabilities)</b>		7,731,295	7,091,915	(1,240,659)	(1,318,949)
<b>Net assets</b>		9,150,062	8,563,278	178,222	152,528
<b>Capital and reserves</b>					
Called up share capital	12	75,000	75,000	75,000	75,000
Other reserve	13	49,900	49,900	-	-
Profit and loss account	13	9,025,162	8,438,378	103,222	77,528
<b>Total shareholders' funds</b>	14	9,150,062	8,563,278	178,222	152,528

The financial statements on pages 7 to 21 were approved by the Board of directors on 25 November 2011 and were signed on its behalf by



N.G. McRoberts  
Director

# Moorcroft Group Public Limited Company

Registered number 1704109

## Consolidated cash flow statement for the year ended 31 July 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	15	13,801,526	8,324,659
Returns on investment and servicing of finance			
Interest paid		(147,115)	(148,229)
Interest received		31,617	31,515
Net cash outflow from returns on investment and servicing of finance		(115,498)	(116,714)
Taxation		(2,547,200)	(1,270,836)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(723,714)	(275,458)
Sale of tangible fixed assets		74,700	58,250
Net cash outflow for capital expenditure and financial investment		(649,014)	(217,208)
Equity dividends paid to shareholders		(6,000,000)	(5,300,000)
Increase in net cash	16	4,489,814	1,419,901

## Reconciliation of net cash flow to movement in net funds

	Note	2011 £	2010 £
Increase in net cash in year	16	4,489,814	1,419,901
Net funds at 1 August		5,851,553	4,431,652
Net funds at 31 July	16	10,341,367	5,851,553

# Moorcroft Group Public Limited Company

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## Accounting policies

### Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

### Basis of consolidation

The consolidated financial statements include those of the parent company and its subsidiary undertakings up to the 31 July 2011. Results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Intercompany transactions and balances between group companies have been eliminated on consolidation. All subsidiaries have uniform accounting policies with the group.

### 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 amounts received on the recovery of bought debt. The group recognises gross amounts collected from bought debts 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.

### Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation and that cost includes the original purchase price of the asset (as well as any incidental cost of acquisition).

Depreciation is calculated so as to write off the cost of tangible fixed assets less residual value on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Fixtures and fittings	25 & 33
Motor vehicles	25
Computer equipment	25

### Investments

Investments held as fixed assets are stated at cost less provision for any impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

### 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.

# **Moorcroft Group Public Limited Company**

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## **Accounting policies (continued)**

### **Operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term

### **Pensions**

The company operates a defined contribution pension scheme for the benefit of the directors, the assets of which are held in a separate trustee administered fund. The rates of contribution payable are determined by the directors based on actuarial advice.

The company also operates a defined contribution pension scheme for the benefit of certain employees. The assets of this scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions paid by the company to these funds and is disclosed in note 2.

### **Current taxation**

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

# Moorcroft Group Public Limited Company

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## Notes to the financial statements for the year ended 31 July 2011

### 1 Directors' emoluments

The remuneration paid to the directors of Moorcroft Group Public Limited Company was

	2011 £	2010 £
Aggregate emoluments	2,567,543	2,406,915
Company pension contributions	-	-
	2,567,543	2,406,915
<b>Highest paid director</b>	<b>£</b>	<b>£</b>
Aggregate emoluments	725,151	628,872
Company pension contributions	-	-
	725,151	628,872

Retirement benefits are accruing to 5 (2010 5) directors under a money purchase scheme

### 2 Employee information

The average monthly number of persons (including executive directors) employed during the year was

	2011 Number	2010 Number
Administration	420	398
Sales	5	4
	425	402
		£
Wages and salaries	12,673,808	11,849,006
Social security costs	1,321,122	1,058,258
Other pension costs	77,920	73,760
	14,072,850	12,981,024

The company operated a defined contribution pension scheme. Contributions in the year were £77,920 (2010 £73,760). There were no outstanding or prepaid contributions at the balance sheet date (2010 £nil).

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

### 3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging/(crediting)		
Depreciation charge for owned fixed assets	731,061	740,668
Operating lease charges – other	296,000	283,000
Operating lease charges – plant and machinery	76,831	33,666
Services provided by the company auditor		
-fees payable for the audit	39,000	35,500
-fees payable for other services – tax compliance	10,575	22,397
Profit on disposal of fixed assets	(29,451)	(33,274)

### 4 Interest payable and similar charges

	2011 £	2010 £
Bank interest payable	115	151
Interest on loans from directors (note 20)	147,000	147,000
Other interest payable	-	1,078
	147,115	148,229

### 5 Tax on profit on ordinary activities

	2011 £	2010 £
UK Corporation tax on profits of the period	2,562,180	2,350,607
Adjustments in respect of previous periods	(48,485)	-
<b>Total current tax</b>	<b>2,513,695</b>	<b>2,350,607</b>
Origination and reversal of timing differences	(35,152)	(52,819)
Deferred tax for prior period	10	35,713
Changes in tax rates or laws	12,712	-
<b>Total deferred tax</b>	<b>(22,430)</b>	<b>(17,106)</b>
<b>Tax on profit on ordinary activities</b>	<b>2,491,265</b>	<b>2,333,501</b>

# Moorcroft Group Public Limited Company

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

### 5 Tax on profit on ordinary activities (continued)

The tax assessed for the period is higher (2010 higher) than the standard rate of corporation tax in the UK for the reasons set out in the following reconciliation

	2011 £	2010 £
<b>Profit on ordinary activities before tax</b>	<b>9,078,049</b>	<b>8,042,699</b>
Tax on profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.67% (2010 28%)	2,421,117	2,251,956
Expenses not deductible for tax purposes	42,994	45,832
Adjustments in respect of previous periods	(48,485)	-
Capital allowances less than depreciation	36,058	52,819
Tax at marginal rates	62,011	-
<b>Current tax charge</b>	<b>2,513,695</b>	<b>2,350,607</b>

#### Factors affecting current and future tax charges

During the year, the relevant deferred tax balances have been re-measured as a result of the change in the UK main corporation tax rate to 26%, which was substantively enacted on 29 March 2011 and was effective from 1 April 2011, and to 25%, which was substantively enacted on 5 July 2011 and will be effective from 1 April 2012

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

### 6 Dividends

	2011 £	2010 £
Interim dividends paid of £80.00 per share (2010 £70.67)	6,000,000	5,300,000



# Moorcroft Group Public Limited Company

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

### 7 Tangible fixed assets

Group and company	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 August 2010	2,091,013	985,986	1,602,864	4,679,863
Additions	151,847	300,507	271,360	723,714
Disposals	(541,580)	(242,133)	(233,226)	(1,016,939)
<b>At 31 July 2011</b>	<b>1,701,280</b>	<b>1,044,360</b>	<b>1,640,998</b>	<b>4,386,638</b>
<b>Accumulated depreciation</b>				
At 1 August 2010	1,549,593	561,495	1,097,412	3,208,500
Charge for year	260,083	231,781	239,197	731,061
Disposals	(541,580)	(196,884)	(233,226)	(971,690)
<b>At 31 July 2011</b>	<b>1,268,096</b>	<b>596,392</b>	<b>1,103,383</b>	<b>2,967,871</b>
<b>Net book value</b>				
<b>At 31 July 2011</b>	<b>433,184</b>	<b>447,968</b>	<b>537,615</b>	<b>1,418,767</b>
At 31 July 2010	541,420	424,491	505,452	1,471,363

Capital commitments of £418,595 (2010 £nil) were contracted but not provided for at the year end

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

### 8 Investments

Company	2011 £	2010 £
Interests in group undertakings – cost and net book value	114	114

Details of group undertakings are as follows

Name of undertaking	Country of incorporation	Description and number of shares held	Proportion of nominal value of issued shares held %	Principal activity
Moorcroft Debt Recovery Limited	England and Wales	50,000 £1 ordinary shares	100	Debt recovery
Moorcroft Investments Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Home Collection Services Limited	England and Wales	2 £1 ordinary shares	100	Debt recovery
Moorcroft Financial Services Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Moorcroft Computer Services Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Moorcroft Investigation Services Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Midas Credit Services Limited (formerly Midas Legal Services Limited)	England and Wales	2 £1 ordinary shares	100	Debt recovery
Debt Surveillance Limited	England and Wales	2 £1 ordinary shares	100	Dormant

The directors believe that the book value of investments is supported by their underlying net assets

### 9 Debtors

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
<b>Amounts falling due within one year</b>				
Trade debtors	6,108,228	9,948,993	-	-
Amounts owed by group undertakings	-	-	2,996,067	2,424,367
Deferred tax asset (note 11)	200,414	177,984	200,414	177,984
Other debtors	-	-	820,604	584,612
Prepayments and accrued income	2,232,062	1,647,178	641,178	484,696
	<b>8,540,704</b>	<b>11,774,155</b>	<b>4,658,263</b>	<b>3,671,659</b>

# Moorcroft Group Public Limited Company

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

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

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Trade creditors and amounts owed to clients	7,064,564	6,581,102	527,804	203,575
Loans from directors (note 20)	4,200,000	4,200,000	4,200,000	4,200,000
Corporation tax	1,262,180	1,295,685	103,098	195,508
Other taxation and social security	1,019,031	934,202	-	-
Accruals and deferred income	1,805,001	1,722,804	1,611,402	1,589,163
	15,350,776	14,733,793	6,442,304	6,188,246

### 11 Deferred tax asset

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

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Accelerated capital allowances	200,414	177,984	200,414	177,984
Other timing differences	-	-	-	-
<b>Deferred tax asset</b>	<b>200,414</b>	<b>177,984</b>	<b>200,414</b>	<b>177,984</b>

There are no unprovided amounts of deferred tax (2010 £nil)

Movements in deferred tax are as follows

Group	£
As at 1 August 2010 (note 9)	177,984
Credited to the profit and loss account (note 5)	22,430
As at 31 July 2011 (note 9)	200,414

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

# Moorcroft Group Public Limited Company

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

### 12 Called up share capital

	2011	2010
Group and company	£	£
<b>Authorised</b>		
1,000,000 (2010 1,000,000) ordinary shares of £1	1,000,000	1,000,000
<b>Allotted, and fully paid</b>		
75,000 (2010 75,000) ordinary shares of £1 each	75,000	75,000

### 13 Reserves

Group	Other reserve £	Profit and loss account £	Total £
At 1 August 2010	49,900	8,438,378	8,488,278
Profit for the financial year	-	6,586,784	6,586,784
Dividends	-	(6,000,000)	(6,000,000)
<b>At 31 July 2011</b>	<b>49,900</b>	<b>9,025,162</b>	<b>9,075,062</b>

Company	Profit and loss account £
At 1 August 2010	77,528
Profit for the financial year	6,025,694
Dividends	(6,000,000)
<b>At 31 July 2011</b>	<b>103,222</b>

As permitted by section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. Profit before dividends for the financial year was £6,025,694 (2010 profit of £5,329,065)

# Moorcroft Group Public Limited Company

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

### 14 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	6,586,784	5,709,198
Dividends (note 6)	(6,000,000)	(5,300,000)
<b>Net addition to shareholders' funds</b>	<b>586,784</b>	<b>409,198</b>
Opening shareholders' funds	8,563,278	8,154,080
<b>Closing shareholders' funds</b>	<b>9,150,062</b>	<b>8,563,278</b>

### 15 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	9,193,547	8,159,413
Depreciation of tangible fixed assets	731,061	740,668
Loss on disposal of fixed assets	(29,451)	(33,274)
Decrease/(increase) in debtors	3,255,881	(3,926,354)
Increase in creditors	650,488	3,384,206
<b>Net cash inflow from operating activities</b>	<b>13,801,526</b>	<b>8,324,659</b>

### 16 Analysis of changes in net funds

	At 1 August 2010 £	Cash flow £	At 31 July 2011 £
Cash at bank and in hand	10,051,553	4,489,814	14,541,367
Debt due within one year			
Loans from directors	(4,200,000)	-	(4,200,000)
	5,851,553	4,489,814	10,341,367

# Moorcroft Group Public Limited Company

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

### 17 Financial commitments

At 31 July, the company and group had annual commitments under non-cancellable operating leases as follows

	Land and Buildings 2011 £	Land and Buildings 2010 £	Office Equipment 2011 £	Office Equipment 2010 £
Expiring within one year	-	-	-	-
Expiring between two and five years	-	15,000	97,293	69,216
Expiring in over five years	281,000	281,000	-	-
	281,000	296,000	97,293	69,216

### 18 Controlling party

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

### 19 Related party transactions

The company has taken advantage of the exemption provided in FRS 8 Related Party Disclosures from disclosure of transactions with other group companies

The company paid operating lease rentals of £281,000 (2010 £281,000) in the year to the company's pension fund in respect of the Spring Gardens, Bredbury and John Street properties

Dividends paid by Moorcroft Group plc and received in a beneficial capacity by	2011 £	2010 £
Directors of Moorcroft Group plc	6,000,000	5,300,000

Fees of £77,516 (2010 £94,290) were paid to a related party, MLS Solicitors in respect to legal services provided during the year. The practice is owned by a person who is also an employee of Moorcroft. The cost of services are provided on an arms-length basis.

# Moorcroft Group Public Limited Company

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

### 20 Directors loans

During the year loans were maintained with the directors of the company to the company. The loans are payable on demand.

The amounts outstanding at the beginning and the end of the year were as follows:

	Maximum Liability during year 2011 £	Maximum Liability during year 2010 £	2011 £	2010 £
A J McRoberts	1,400,000	1,400,000	1,400,000	1,400,000
R N McRoberts	1,400,000	1,400,000	1,400,000	1,400,000
A J Martin McRoberts	1,400,000	1,400,000	1,400,000	1,400,000
	4,200,000	4,200,000	4,200,000	4,200,000

The loans are subject to interest at 3.5%, and interest payable of £147,000 (2010: £147,000) for the year is included within the results for the year (note 4). £37,052 (2010: £37,052) of this interest charge was unpaid at the year end, and is included within accruals. This accrual represents £12,351 (2010: £12,351) for each individual director.