

Moorcroft Group Public Limited Company
Annual report and consolidated financial
statements
for the year ended 31 July 2013

Registered number 1704109

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Moorcroft Group Public Limited Company

Annual report and consolidated financial statements

for the year ended 31 July 2013

Contents

	Page
Directors and advisors for the year ended 31 July 2013	1
Directors' report for the year ended 31 July 2013	2
Independent auditors' report to the members of Moorcroft Group Public Limited Company	5
Consolidated profit and loss account for the year ended 31 July 2013	7
Balance sheets as at 31 July 2013	8
Consolidated cash flow statement for the year ended 31 July 2013	9
Reconciliation of net cash flow to movement in net funds	9
Accounting policies for the year ended 31 July 2013	10
Notes to the consolidated financial statements for the year ended 31 July 2013	12

Moorcroft Group Public Limited Company

Registered number 1704109

Directors and advisors for the year ended 31 July 2013

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 2013

The directors present their annual report and the audited consolidated financial statements of the group and company for the year ended 31 July 2013

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 2013 were satisfactory. The group is continuing to provide debt recovery and related services. The group expects to continue with its current activities in future periods.

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 risks affecting the group are considered to be competition within the market and the additional cost of ensuring ongoing compliance. 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.

Key performance indicators

Given the nature of the business, the group's directors are of the opinion that analysis using financial 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:

	2013 £ per share	2013 £	2012 £ per share	2012 £
Interim paid 10 April 2013 (2012: 2 December 2011)	21.33	1,600,000	21.33	1,600,000
Interim paid (2012: 18 April 2012)	-	-	21.33	1,600,000
Final paid 15 July 2013 (2012: 25 July 2012)	21.33	1,600,000	16.00	1,200,000
Total dividend paid	42.67	3,200,000	58.67	4,400,000

After payment of the dividends, the retained profit for the financial year of £735,751 (2012: £831,504) has been 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 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

Registered number 1704109

Directors' report for the year ended 31 July 2013 (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 2013 were 25 days (2012 44 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 up to the date of signing the financial statements are listed on page 1 of these consolidated financial statements

Charitable Donations

The group donated £275 (2012 £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

Registered number 1704109

Directors' report for the year ended 31 July 2013 (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 are 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



A J McRoberts
Company secretary
4 December 2013

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 (the “financial statements”) of Moorcroft Group Public Limited Company for the year ended 31 July 2013 which comprise the consolidated profit and loss account, the group and parent company balance sheets, the consolidated cash flow statement, reconciliation of net cash flow to movement in net funds, 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 Directors’ report and consolidated 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 2013 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

4 December 2013

Moorcroft Group Public Limited Company

Registered number 1704109

Consolidated profit and loss account for the year ended 31 July 2013

	Note	2013 £	2012 £
Turnover	1	34,881,185	38,230,114
Administrative expenses		(29,575,640)	(31,088,982)
Operating profit	4	5,305,545	7,141,132
Bank interest receivable and similar income		99,400	73,930
Interest payable and similar charges	5	(176,515)	(147,439)
Profit on ordinary activities before taxation		5,228,430	7,067,623
Tax on profit on ordinary activities	6	(1,292,679)	(1,836,119)
Profit for the financial year	15	3,935,751	5,231,504

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 total 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	2013 £	2012 £
Profit for the financial year	15	3,935,751	5,231,504
Dividends	7	(3,200,000)	(4,400,000)
Retained profit for the financial year	14,15	735,751	831,504

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

Moorcroft Group Public Limited Company
Registered number 1704109

Balance sheets as at 31 July 2013

		Group		Company	
	Note	2013	2012	2013	2012
		£	£	£	£
Fixed assets					
Tangible assets	8	1,567,864	1,858,990	1,567,864	1,858,990
Investments	9	-	-	114	114
		1,567,864	1,858,990	1,567,978	1,859,104
Current assets					
Debtors	10	8,113,411	10,574,615	4,101,896	3,298,704
Cash at bank and in hand		14,476,758	12,293,911	128,466	939,093
		22,590,169	22,868,526	4,230,362	4,237,797
Creditors' amounts falling due within one year	11	(13,440,716)	(14,745,950)	(5,595,822)	(5,906,417)
Net current assets/(liabilities)		9,149,453	8,122,576	(1,365,460)	(1,668,620)
Total assets less current liabilities		10,717,317	9,981,566	202,518	190,484
Net assets		10,717,317	9,981,566	202,518	190,484
Capital and reserves					
Called up share capital	13	75,000	75,000	75,000	75,000
Other reserve	14	49,900	49,900	-	-
Profit and loss account	14	10,592,417	9,856,666	127,518	115,484
Total shareholders' funds	15	10,717,317	9,981,566	202,518	190,484

The financial statements on pages 7 to 21 were approved by the Board of directors on 4 December 2013 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 2013

	Note	2013 £	2012 £
Net cash inflow from operating activities	16	7,413,831	5,574,626
Returns on investment and servicing of finance			
Interest paid		(162,362)	(147,439)
Interest received		99,400	73,930
Net cash outflow from returns on investment and servicing of finance		(62,962)	(73,509)
Taxation		(1,451,196)	(2,260,663)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(586,146)	(1,285,510)
Sale of tangible fixed assets		69,320	197,600
Net cash outflow for capital expenditure and financial investment		(516,826)	(1,087,910)
Equity dividends paid to shareholders		(3,200,000)	(4,400,000)
Increase in net cash	17	2,182,847	(2,247,456)

Reconciliation of net cash flow to movement in net funds

	Note	2013 £	2012 £
Increase in net cash in year	17	2,182,847	(2,247,456)
Net funds at 1 August		8,093,911	10,341,367
Net funds at 31 July	17	10,276,758	8,093,911

Accounting policies for the year ended 31 July 2013

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 31 July 2013. 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.

Turnover and administrative expenses

All turnover 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.

Turnover 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 turnover. 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

Registered number 1704109

Accounting policies for the year ended 31 July 2013 (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 3.

Current taxation

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

Moorcroft Group Public Limited Company
Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2013

1 Turnover

All turnover 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

2 Directors' emoluments

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

	2013 £	2012 £
Aggregate emoluments	1,762,926	2,429,744
Company pension contributions	-	-
	1,762,926	2,429,744
Highest paid director	£	£
Aggregate emoluments	431,678	654,846
Company pension contributions	-	-
	431,678	654,846

Retirement benefits are accruing to 5 (2012: 5) directors under a money purchase scheme

3 Employee information

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

	2013 Number	2012 Number
Administration	445	445
Sales	5	5
	450	450
	£	£
Wages and salaries	12,673,523	13,146,721
Social security costs	1,282,467	1,388,625
Other pension costs	99,754	104,107
	14,055,744	14,639,453

The company operates a defined contribution pension scheme. Contributions in the year were £99,754 (2012: £104,107). There were no outstanding or prepaid contributions at the balance sheet date (2012: £nil).

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2013 (continued)

4 Operating profit

	2013 £	2012 £
Operating profit is stated after charging/(crediting)		
Depreciation charge for owned fixed assets	819,786	781,694
Operating lease charges – Land and buildings	288,533	296,000
Operating lease charges – Office equipment	111,583	103,793
Services provided by the company auditor		
-fees payable for the audit	39,500	38,500
-fees payable for other services	60,498	16,775
Profit on disposal of fixed assets	(11,834)	(134,007)

5 Interest payable and similar charges

	2013 £	2012 £
Bank interest payable	-	439
Interest on loans from directors (note 21)	176,515	147,000
	176,515	147,439

6 Tax on profit on ordinary activities

	2013 £	2012 £
UK Corporation tax on profits of the year	1,314,390	1,752,437
Adjustments in respect of previous periods	4,196	(6,949)
Total current tax	1,318,586	1,745,488
Origination and reversal of timing differences	(20,944)	87,481
Deferred tax for prior year	(4,963)	3,150
Total deferred tax (note 12)	(25,907)	90,631
Tax on profit on ordinary activities	1,292,679	1,836,119

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2013 (continued)

6 Tax on profit on ordinary activities (continued)

The tax assessed for the year is higher (2012 lower) than the standard rate of corporation tax in the UK for the reasons set out in the following reconciliation

	2013 £	2012 £
Profit on ordinary activities before tax	5,228,430	7,067,623
Tax on profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.67% (2012 25.33 %)	1,237,569	1,790,464
Expenses not deductible for tax purposes	36,520	36,353
Adjustments in respect of previous periods	4,196	(6,949)
Capital allowances more than/(less than) depreciation	42,500	(71,285)
Tax at marginal rates	(2,199)	(3,095)
Current tax charge	1,318,586	1,745,488

Factors affecting current and future tax charges

A number of further changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statement. These include a further reduction to the main rate to reduce the rate to 21% from 1 April 2014 and 20% from 1 April 2015. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reduction of the main rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015 is expected to be enacted separately.

7 Dividends

	2012 £	2011 £
Interim and final dividends paid of £42.67 per £1 ordinary share (2012 £58.67)	3,200,000	4,400,000

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2013 (continued)

8 Tangible fixed assets

Group and company	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 August 2012	2,263,098	1,142,316	1,684,369	5,089,783
Additions	364,871	221,275	-	586,146
Disposals	-	(190,847)	-	(190,847)
At 31 July 2013	2,627,969	1,172,744	1,684,369	5,485,082
Accumulated depreciation				
At 1 August 2012	1,520,719	371,108	1,338,966	3,230,793
Charge for year	327,661	285,281	206,844	819,786
Disposals	-	(133,361)	-	(133,361)
At 31 July 2013	1,848,380	523,028	1,545,810	3,917,218
Net book value				
At 31 July 2013	779,589	649,716	138,559	1,567,864
At 31 July 2012	742,379	771,208	345,403	1,858,990

Capital commitments of £377,916 (2012 £394,812) were contracted but not provided for at the year end

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2013 (continued)

9 Fixed asset investments

Company	2013 £	2012 £
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	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

10 Debtors

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Amounts falling due within one year				
Trade debtors	5,802,758	8,389,636	-	-
Amounts owed by group undertakings	-	-	2,317,426	1,382,695
Deferred tax asset (note 12)	135,690	109,783	135,690	109,783
Other debtors	-	-	824,719	925,527
Prepayments and accrued income	2,174,963	2,075,196	824,061	880,699
	8,113,411	10,574,615	4,101,896	3,298,704

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2013 (continued)

11 Creditors: amounts falling due within one year

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade creditors and amounts owed to clients	6,545,982	7,123,814	252,482	151,866
Loans from directors (note 21)	4,200,000	4,200,000	4,200,000	4,200,000
Corporation tax	614,395	747,005	105,305	-
Other taxation and social security	804,241	813,896	-	-
Accruals and deferred income	1,276,098	1,861,235	1,038,035	1,554,551
.	13,440,716	14,745,950	5,595,822	5,906,417

No security is held against any of the liabilities

12 Deferred tax asset

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

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Accelerated capital allowances	135,690	109,783	135,690	109,783
Deferred tax asset	135,690	109,783	135,690	109,783

There are no unprovided amounts of deferred tax (2012 £nil)

Movements in deferred tax are as follows

Group	£
As at 1 August 2012 (note 10)	109,783
Credited to the profit and loss account (note 6)	25,907
As at 31 July 2013 (note 10)	135,690

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

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2013 (continued)

13 Called up share capital

	2013	2012
Group and company	£	£
Authorised		
1,000,000 (2012 1,000,000) ordinary shares of £1	1,000,000	1,000,000
Allotted, and fully paid		
75,000 (2012 75,000) ordinary shares of £1 each	75,000	75,000

14 Reserves

	Other reserve	Profit and loss account	Total
Group	£	£	£
At 1 August 2012	49,900	9,856,666	9,906,566
Profit for the financial year	-	3,935,751	3,935,751
Dividends (note 7)	-	(3,200,000)	(3,200,000)
At 31 July 2013	49,900	10,592,417	10,642,317

Company	Profit and loss account
	£
At 1 August 2012	115,484
Profit for the financial year	3,212,034
Dividends (note 7)	(3,200,000)
At 31 July 2013	127,518

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 £3,212,034 (2012 profit of £4,412,262)

Notes to the consolidated financial statements for the year ended 31 July 2013 (continued)

15 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	3,935,751	5,231,504
Dividends (note 7)	(3,200,000)	(4,400,000)
Net addition to shareholders' funds	735,751	831,504
Opening shareholders' funds	9,981,566	9,150,062
Closing shareholders' funds	10,717,317	9,981,566

16 Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	5,305,545	7,141,132
Depreciation of tangible fixed assets	819,786	781,694
Profit on disposal of fixed assets	(11,834)	(134,007)
Decrease in debtors	2,487,111	(2,124,542)
Decrease in creditors	(1,186,777)	(89,651)
Net cash inflow from operating activities	7,413,831	5,574,626

17 Analysis of changes in net funds

	At 1 August 2012 £	Cash flow £	At 31 July 2013 £
Cash at bank and in hand	12,293,911	2,182,847	14,476,758
Debt due within one year			
Loans from directors	(4,200,000)	-	(4,200,000)
	8,093,911	2,182,847	10,276,758

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2013 (continued)

18 Financial commitments

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

	Land and Buildings 2013 £	Land and Buildings 2012 £	Office Equipment 2013 £	Office Equipment 2012 £
Expiring within one year	-	-	-	-
Expiring between two and five years	6,000	-	106,850	110,293
Expiring in over five years	301,000	281,000	-	-
	307,000	281,000	106,850	110,293

19 Ultimate controlling party

N G McRoberts, the chairman, is the ultimate controlling party by virtue of his controlling interest in the company's equity capital. Moorcroft Group Public Limited Company is the ultimate parent company and the only entity to consolidate the financial statements.

20 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 (2012 £281,000) in the year to the company's pension fund in respect of the Spring Gardens, Bredbury and John Street properties.

On 28 March 2012 R N McRoberts purchased a motor vehicle from the company for a third party valuation of £48,000. This led to a profit on disposal of £45,266 being credited to the Profit and Loss account.

Dividends paid by Moorcroft Group Public Limited Company and received in a beneficial capacity by	2013 £	2012 £
Directors of Moorcroft Group Public Limited Company	3,200,000	4,400,000

Fees of £57,779 (2012 £53,002) 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 Group Public Limited Company. The services are provided on an arms-length basis.

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2013 (continued)

21 Directors' loans

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

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

	Maximum Liability during year 2013 £	Maximum Liability during year 2012 £	2013 £	2012 £
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 5%, and interest payable of £176,515 (2012: £147,000) for the year is included within the results for the year (note 4). Of this interest charge £51,205 (2012: £37,052) was unpaid at the year end, and is included within accruals. This accrual represents £17,069 (2012: £12,351) for each individual director.