

Moorcroft Group Public Limited Company and
its subsidiaries
Annual report and financial statements
for the year ended 31 July 2010

Registered number 1704109



Moorcroft Group Public Limited Company and its subsidiaries

Annual report and financial statements for the year ended 31 July 2010

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Moorcroft Group Public Limited Company and its subsidiaries

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

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Registered office

Moorcroft House

2 Spring Gardens

Stockport

Cheshire

SK1 4AA

Registered number

1704109

Moorcroft Group Public Limited Company and its subsidiaries

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Directors' report for the year ended 31 July 2010

The directors present their annual report and the audited consolidated financial statements for the year ended 31 July 2010

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 2010 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

	2010 £ per share	2010 £	2009 £ per share	2009 £
Interim paid 9 December 2009 (2009 9 December 2008)	21.33	1,600,000	21.33	1,600,000
Interim paid 9 March 2010 (2009 16 July 2009)	42.67	3,200,000	21.33	1,600,000
Interim paid 31 March 2010	6.67	500,000		
Total Interim paid	70.67	5,300,000	42.66	3,200,000

After payment of the dividends, the retained profit for the financial year of £409,198 (2009 £341,007) 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.

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Directors' report for the year ended 31 July 2010 (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 2010 were 33 days (2009 28 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 financial statements.

Charity Donations

The company donated £nil (2009 £2,080) to a number of Local Charities during the year.

Qualifying third party indemnity provisions

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

Moorcroft Group Public Limited Company and its subsidiaries

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Directors' report for the year ended 31 July 2010 (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 elected to prepare 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 company and group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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

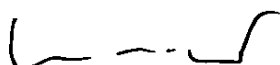
(a) so far as the director are aware, there is no relevant audit information of which the company's auditors are unaware, and

(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 on 26 November 2010



A J McRoberts
Company secretary

Moorcroft Group Public Limited Company and its subsidiaries
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 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated 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 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 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.

Opinion

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 2010 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 and its subsidiaries
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**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



Nigel Richens (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

26 November 2010

Moorcroft Group Public Limited Company and its subsidiaries
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Consolidated profit and loss account for the year ended 31 July 2010

	Note	2010 £	2009 £
Earned income		38,389,094	35,047,028
Administrative expenses		(30,229,681)	(30,048,460)
Operating profit	3	8,159,413	4,998,568
Interest payable and similar charges	4	(148,229)	(179,207)
Bank interest receivable and similar income		31,515	141,477
Profit on ordinary activities before taxation		8,042,699	4,960,838
Tax on profit on ordinary activities	5	(2,333,501)	(1,419,831)
Profit for the financial year	14	5,709,198	3,541,007

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 year stated above and their historical cost equivalents

Appropriation

	Note	2010 £	2009 £
Dividends	6	(5,300,000)	(3,200,000)
Retained profit for the financial year	13,14	409,198	341,007

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

Moorcroft Group Public Limited Company and its subsidiaries

Registered number 1704109

Balance sheets as at 31 July 2010

		Group		Company	
	Note	2010 £	2009 £	2010 £	2009 £
Fixed assets					
Tangible assets	7	1,471,363	1,961,549	1,471,363	1,961,549
Investments	8	-	-	114	114
		1,471,363	1,961,549	1,471,477	1,961,663
Current assets					
Debtors	9	11,774,155	7,830,695	3,671,659	2,722,040
Cash at bank and in hand		10,051,553	8,631,652	1,197,638	849,852
		21,825,708	16,462,347	4,869,297	3,571,892
Creditors: amounts falling due within one year	10	(14,733,793)	(10,269,816)	(6,188,246)	(5,410,092)
Net current assets/(liabilities)		7,091,915	6,192,531	(1,318,949)	(1,838,200)
Net assets		8,563,278	8,154,080	152,528	123,463
Capital and reserves					
Called up share capital	12	75,000	75,000	75,000	75,000
Non-distributable reserve	13	49,900	49,900	-	-
Profit and loss account	13	8,438,378	8,029,180	77,528	48,463
Total shareholders' funds	14	8,563,278	8,154,080	152,528	123,463

The financial statements on pages 7 to 21 were approved by the board of directors on 26 November 2010 and were signed on its behalf by



N G McRoberts
Director

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

Moorcroft Group Public Limited Company and its subsidiaries
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Consolidated cash flow statement for the year ended 31 July 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	15	8,324,659	2,144,209
Returns on investment and servicing of finance			
Interest paid		(148,229)	(205,673)
Interest received		31,515	141,477
Net cash (outflow)/inflow from returns on investment and servicing of finance		(116,714)	(64,196)
Taxation		(1,270,836)	(2,204,509)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(275,458)	(1,218,368)
Sale of tangible fixed assets		58,250	49,100
Net cash outflow for capital expenditure and financial investments		(217,208)	(1,169,268)
Equity dividends paid to shareholders		(5,300,000)	(3,200,000)
Financing		-	-
Increase/(decrease) in net cash	16	1,419,901	(4,493,764)

Reconciliation of net cash flow to movement in net cash

	Note	2010 £	2009 £
Increase/(decrease) in net cash in year	16	1,419,901	(4,493,764)
Net cash at 1 August		4,431,652	8,925,416
Net cash at 31 July	16	5,851,553	4,431,652

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

Moorcroft Group Public Limited Company and its subsidiaries

Registered number 1704109

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 2010. 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. The method of consolidation is the equity method. 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 as collected in earned income. The costs of bought debts are charged to administrative expenses such that profit is recognised when cash collected exceeds the cost of the related bought debt.

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.

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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 and its subsidiaries
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Notes to the financial statements for the year ended 31 July 2010

1 Directors' emoluments

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

	2010 £	2009 £
Aggregate emoluments	2,406,915	2,321,465
Company pension contributions	-	535,000
	2,406,915	2,856,455
Highest paid director	£	£
Aggregate emoluments	628,872	1,014,986
Company pension contributions	-	-
	628,872	1,014,986

Retirement benefits are accruing to 5 (2009 5) directors under a money purchase scheme

2 Employee information

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

	2010 Number	2009 Number
Administration	402	398
		£
Wages and salaries	11,849,006	11,325,137
Social security costs	1,058,258	1,186,665
Other pension costs	73,760	599,159
	12,981,024	13,110,961

The company operated a defined contribution pension scheme. Contributions in the year were £73,760 (2009 £599,159). There were no outstanding or prepaid contributions at the balance sheet date (2009 £nil).

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Notes to the financial statements for the year ended 31 July 2010 (continued)

3 Operating profit

	2010 £	2009 £
Operating profit is stated after charging/(crediting)		
Depreciation charge for owned fixed assets	740,668	686,027
Operating lease charges – land and buildings	283,000	280,000
Operating lease charges – office machinery	33,666	-
Auditors' remuneration for audit services (company and group)	35,500	32,500
(Profit)/Loss on disposal of fixed assets	(33,274)	8,546

Remuneration of the company's auditors for the provision of tax services was £22,397 (2009 £25,075)

4 Interest payable and similar charges

	2010 £	2009 £
Bank interest payable	151	114
Interest on loans from directors (note 20)	147,000	173,466
Other interest payable	1,078	5,627
	148,229	179,207

5 Tax on profit on ordinary activities

	2010 £	2009 £
UK Corporation tax on profits of the period	2,350,607	1,459,658
Adjustments in respect of previous periods	-	(54,980)
Total current tax	2,350,607	1,404,678
Deferred tax for current period	(52,819)	(31,562)
Deferred tax for prior period	35,713	46,715
Total deferred tax	(17,106)	15,153
Tax on profit on ordinary activities	2,333,501	1,419,831

Moorcroft Group Public Limited Company and its subsidiaries
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**Notes to the financial statements for the year ended 31 July 2010
(continued)**

5 Tax on profit on ordinary activities (continued)

The tax assessed for the period is higher (2009 higher) than the standard rate of corporation tax in the UK for the reasons set out in the following reconciliation

	2010 £	2009 £
Profit on ordinary activities before tax	8,042,699	4,960,838
Tax on profit on ordinary activities at UK tax rate 28% (2009 28%)	2,251,956	1,389,034
Expenses not deductible for tax purposes	45,832	39,062
Adjustments to prior years	-	(54,980)
Capital allowances in excess of depreciation	52,819	31,562
Other timing differences	-	-
Current tax charge	2,350,607	1,404,678

During the year, there was a change in the UK main corporation tax rate from 28% to 27%. This was substantially enacted on 20 July 2010 and will be effective from 1 April 2011.

Further reductions in the UK corporation tax rate were announced in the June 2010 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantially enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

6 Dividends

	2010 £	2009 £
Interim paid of £70.67 per share (2009 £42.66)	5,300,000	3,200,000

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Notes to the financial statements for the year ended 31 July 2010 (continued)

7 Tangible assets

Group and company	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 August 2009	2,068,584	965,595	1,513,606	4,547,785
Additions	22,429	163,771	89,258	275,458
Disposals		(143,380)		(143,380)
At 31 July 2010	2,091,013	985,986	1,602,864	4,679,863
Accumulated depreciation				
At 1 August 2009	1,306,376	441,922	837,938	2,586,236
Charge for year	243,217	237,977	259,474	740,668
Disposals		(118,404)		(118,404)
At 31 July 2010	1,549,593	561,495	1,097,412	3,208,500
Net book value				
At 31 July 2010	541,420	424,491	505,452	1,471,363
At 31 July 2009	762,208	523,673	675,668	1,961,549

Capital commitments of £nil (2009 £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 2010 (continued)

8 Investments

Company	2010 £	2009 £
Interests in group undertakings	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	Dormant
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 Legal Services Limited	England and Wales	2 £1 ordinary shares	100	Dormant
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	
	2010 £	2009 £	2010 £	2009 £
Amounts falling due within one year				
Trade debtors	9,948,993	5,829,597	-	-
Amounts owed by group undertakings	-	-	2,424,367	1,466,805
Deferred tax asset (note 11)	177,984	160,878	177,984	160,878
Other debtors	-	631,971	584,612	631,971
Prepayments and accrued income	1,647,178	1,208,249	484,696	462,386
	11,774,155	7,830,695	3,671,659	2,722,040

Moorcroft Group Public Limited Company and its subsidiaries

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Notes to the financial statements for the year ended 31 July 2010 (continued)

10 Creditors: amounts falling due within one year

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade creditors and amounts owed to clients	6,581,102	3,549,978	203,575	160,384
Loans from directors (note 20)	4,200,000	4,200,000	4,200,000	4,200,000
Corporation tax	1,295,685	215,914	195,508	95,864
Other taxation and social security payable	934,202	1,139,459	-	-
Accruals and deferred income	1,722,804	1,164,465	1,589,163	953,844
	14,733,793	10,269,816	6,188,246	5,410,092

11 Deferred tax asset

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

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Accelerated capital allowances	177,984	160,878	177,984	160,878
Other timing differences	-	-	-	-
Deferred tax asset	177,984	160,878	177,984	160,878

There are no unprovided amounts of deferred tax

Movements in deferred tax are as follows

Group	£
As at 1 August 2009 (note 9)	160,878
Credited to the profit and loss account (note 5)	17,106
As at 31 July 2010 (note 9)	177,984

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

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Notes to the financial statements for the year ended 31 July 2010 (continued)

12 Called up share capital

	2010	2009
	£	£
Group and company		
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, and fully paid		
75,000 (2009 75,000) ordinary shares of £1 each	75,000	75,000

13 Reserves

	Non-distributable reserve	Profit and loss account	Total
	£	£	£
Group			
At 1 August 2009	49,900	8,029,180	8,079,080
Profit for the financial year	-	5,709,198	5,709,198
Dividends	-	(5,300,000)	(5,300,000)
At 31 July 2010	49,900	8,438,378	8,488,278
Company			
At 1 August 2009			48,463
Profit for the financial year			5,329,065
Dividends			(5,300,000)
At 31 July 2010			77,528

As permitted by section 230 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 £5,329,065 (2009 profit of £3,201,309).

**Notes to the financial statements for the year ended 31 July 2010
(continued)**

14 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	5,709,198	3,541,007
Dividends (note 6)	(5,300,000)	(3,200,000)
Net addition to shareholders' funds	409,198	341,007
Opening shareholders' funds	8,154,080	7,813,073
Closing shareholders' funds	8,563,278	8,154,080

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

	2010 £	2009 £
Operating profit	8,159,413	4,998,568
Depreciation of tangible fixed assets	740,668	686,027
(Loss) /profit on disposal of fixed assets	(33,274)	8,546
(Increase)/decrease in debtors	(3,926,354)	1,488,012
Increase/(decrease) in creditors	3,384,206	(5,036,944)
Net cash inflow from operating activities	8,324,659	2,144,209

16 Analysis of changes in net cash

	At 1 August 2009 £	Cash flow £	At 31 July 2010 £
Cash at bank and in hand	8,631,652	1,419,901	10,051,553
Debt due within one year			
Loans from directors	(4,200,000)	-	(4,200,000)
	4,431,652	1,419,901	5,851,553

Moorcroft Group Public Limited Company and its subsidiaries

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Notes to the financial statements for the year ended 31 July 2010 (continued)

17 Financial commitments

At 31 July 2010, the company and group had annual commitments under non-cancellable operating leases as follows

	Land and Buildings 2010 £	Land and Buildings 2009 £	Office Equipment 2010 £	Office Equipment 2009 £
Expiring within one year	-	-	-	-
Expiring between two and five years	15,000	15,000	69,216	-
Expiring in over five years	281,000	281,000	-	-
	296,000	296,000	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

On 1 October 2008 R N McRoberts purchased a motor vehicle from the company for a third party valuation of £29,000. This led to a loss on disposal of £11,532 being charged to Profit and Loss account

The company paid operating lease rentals of £281,000 (2009 £280,000) 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	2010 £	2009 £
Directors of Moorcroft Group plc	5,300,000	3,200,000

Moorcroft Group Public Limited Company and its subsidiaries

Registered number 1704109

Notes to the financial statements for the year ended 31 July 2010 (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 period were as follows:

	Maximum Liability during year 2010 £	Maximum Liability during year 2009 £	2010 £	2009 £
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 (2009: £173,466) for the year is included within the results for the year (note 4). £37,052 (2009: £37,052) of this interest charge was unpaid at the year end, and is included within accruals. This accrual represents £12,351 (2009: £12,351) for each individual director.