

Moorcroft Group Public Limited Company
Annual report and consolidated financial
statements
for the year ended 31 July 2016

Registered number 1704109



Moorcroft Group Public Limited Company
Annual report and consolidated financial statements
for the year ended 31 July 2016

Contents

	Page
Directors and advisors for the year ended 31 July 2016	1
Strategic Report for the year ended 31 July 2016	2
Directors' report for the year ended 31 July 2016	3
Independent auditors' report to the members of Moorcroft Group Public Limited Company	6
Consolidated statement of total comprehensive income for the year ended 31 July 2016	9
Balance sheets as at 31 July 2016	10
Statement of changes in equity for the year ended 31 July 2016	11
Consolidated statement of cash flows for the year ended 31 July 2016	12
Notes to the consolidated financial statements for the year ended 31 July 2016	13

Moorcroft Group Public Limited Company

Registered number 1704109

Directors and advisors for the year ended 31 July 2016

Directors

N G McRoberts

A J McRoberts

R N McRoberts

A J Martin-McRoberts

Company secretary

A J McRoberts

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Solicitors

Nelson Solicitors Limited

Pennine House

8 Stanford Street

Nottingham

NG1 7BQ

Registered office

Moorcroft House

2 Spring Gardens

Stockport

Cheshire

SK1 4AA

Registered number

1704109

Moorcroft Group Public Limited Company

Registered number 1704109

Strategic Report for the year ended 31 July 2016

The directors present their Strategic Report for the year ended 31 July 2016.

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

This is the first year that the financial statements have been prepared under FRS 102 and the retrospective impact of this accounting change is detailed in note 21. The level of business during the year and the financial position at 31 July 2016 were satisfactory. The group is continuing to provide debt recovery and related services. As at 31 July 2016 the group had net assets of £13,136,731 (2015: £14,486,917). The profit for the year ended 31 July 2016 was £2,899,814 (2015: £3,053,760).

Principal 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.

Financial risk management

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

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

Credit risk

The company has implemented policies that require appropriate credit checks on potential commission clients before contracts are agreed.

Interest rate cash flow risk

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

Key performance indicators

Revenue shows an overall year on year decrease of 6% from £29,502,379 in 2015 to £27,587,325 in 2016. Profit for the financial year has fallen by 5% from £3,053,760 in 2015 to £2,899,814 in 2016.

The Strategic Report was approved by the Board of directors on 25 January 2017 and signed on by its order by:



A J McRoberts
Company secretary

Moorcroft Group Public Limited Company

Registered number 1704109

Directors' Report for the year ended 31 July 2016

The directors present their annual report and the audited consolidated financial statements of the group and company for the year ended 31 July 2016.

Future developments

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

Results and dividends

The profit for the year ended 31 July 2016 was £2,899,814 (2015: £3,053,760).

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

	2016 £ per share	2016 £	2015 £ per share	2015 £
Interim paid 2 March 2016 (2015: 16 April 2015)	13.33	1,000,000	13.33	1,000,000
Interim paid 16 March 2016	30.00	2,250,000	-	-
Final paid 18 July 2016 (2015: 14 July 2015)	13.33	1,000,000	13.33	1,000,000
Total dividend paid	56.66	4,250,000	26.66	2,000,000

After payment of the dividends, the accumulated loss for the financial year of £1,350,186 (2015: £1,053,760 profit) 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.

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 2016 were 34 days (2015: 35 days).

Moorcroft Group Public Limited Company

Registered number 1704109

Directors' Report for the year ended 31 July 2016 (continued)

Financial risk management

Details on financial risk are provided in the strategic report on page 2

Future developments

On 23 June 2016 a referendum was held and the outcome of the vote determined that the United Kingdom would leave the European Union. At the time of the signing of the statutory accounts the details of how and when the United Kingdom will leave the European Union, and its effect on the financial markets, are unclear and as such it is not possible to estimate the impact of this event. However, management do not foresee the impact on the company to be significant. The impact will be assessed by management on an ongoing 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 £nil (2015: £nil) during the year.

Qualifying third party and pension scheme indemnity provisions

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the group and parent company financial statements (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 financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

Moorcroft Group Public Limited Company

Registered number 1704109

Directors' Report for the year ended 31 July 2016 (continued)

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:

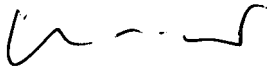
(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(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.

The Directors' Report was approved by the Board of directors on 25 January 2017 and signed on its order by:



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

Report on the financial statements

Our opinion

In our opinion, Moorcroft Group Public Limited Company's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2016 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.

What we have audited

The financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), comprise:

- the balance sheets as at 31 July 2016;
- the consolidated statement of total comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & 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.

Moorcroft Group Public Limited Company

Registered number 1704109

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

What an audit of financial statements involves

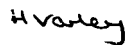
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Heather Varley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
25 January 2017

Moorcroft Group Public Limited Company

Registered number 1704109

Consolidated statement of total comprehensive income for the year ended 31 July 2016

	Note	2016 £	2015 £
Revenue			
Income from commissions revenue		24,465,158	26,081,715
Income from purchased loan portfolios		3,122,167	3,420,664
Total Revenue	2	27,587,325	29,502,379
Administrative expenses		(23,853,161)	(25,498,774)
Operating profit	5	3,734,164	4,003,605
Interest receivable and similar income		96,105	85,661
Interest payable and similar charges	6	(210,000)	(211,135)
Profit on ordinary activities before taxation		3,620,269	3,878,131
Tax on profit on ordinary activities	7	(720,455)	(824,371)
Profit for the financial year		2,899,814	3,053,760
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		2,899,814	3,053,760

The above results relate to continuing operations.

The accounting policies and notes on pages 13 to 27 form part of these financial statements.

Moorcroft Group Public Limited Company

Registered number 1704109

Balance sheets as at 31 July 2016

		Group		Company	
	Note	2016 £	2015 £	2016 £	2015 £
Fixed assets					
Tangible assets	9	1,509,804	1,681,832	1,509,804	1,681,832
Investments	10	-	-	114	114
		1,509,804	1,681,832	1,509,918	1,681,946
Current assets					
Purchased Loan Portfolios	11	6,365,796	7,616,891	-	-
Debtors	12	4,252,464	3,802,786	3,297,796	3,951,141
Cash at bank and in hand		12,628,618	13,384,563	1,421,827	1,170,325
		23,246,878	24,804,240	4,719,623	5,121,466
Creditors: amounts falling due within one year	13	(11,619,951)	(11,999,155)	(5,909,184)	(6,520,185)
Net current assets/(liabilities)		11,626,927	12,805,085	(1,189,561)	(1,398,719)
Total assets less current liabilities		13,136,731	14,486,917	320,357	283,227
Net assets		13,136,731	14,486,917	320,357	283,227
Capital and reserves					
Called up share capital	15	75,000	75,000	75,000	75,000
Other reserve		49,900	49,900	-	-
Profit and loss account		13,011,831	14,362,017	245,357	208,227
Total shareholders' funds		13,136,731	14,486,917	320,357	283,227

The financial statements on pages 9 to 27 were approved by the Board of directors on 25 January 2017 and were signed on its behalf by:



N G McRoberts
Director

Moorcroft Group Public Limited Company

Registered number 1704109

Statements of Changes in Equity for the year ended 31 July 2016

Group	Called up Share Capital	Other Reserves	Profit and loss account	Total Shareholders' Funds
	£	£	£	£
Balance as at 1 August 2014	75,000	49,900	13,308,257	13,433,157
Profit for the financial year	-	-	3,053,760	3,053,760
Total comprehensive income for the year	-	-	3,053,760	3,053,760
Dividends	-	-	(2,000,000)	(2,000,000)
Balance as at 31 July 2015	75,000	49,900	14,362,017	14,486,917
Profit for the financial year	-	-	2,899,814	2,899,814
Total comprehensive income for the year	-	-	2,899,814	2,899,814
Dividends	-	-	(4,250,000)	(4,250,000)
Balance as at 31 July 2016	75,000	49,900	13,011,831	13,136,731

Company	Called up Share Capital	Profit and loss account	Total Shareholders' Funds
	£	£	£
Balance as at 1 August 2014	75,000	183,989	258,989
Profit for the financial year	-	2,024,238	2,024,238
Total comprehensive income for the year	-	2,024,238	2,024,238
Dividends	-	(2,000,000)	(2,000,000)
Balance as at 31 July 2015	75,000	208,227	283,227
Profit for the financial year	-	4,287,130	4,287,130
Total comprehensive income for the year	-	4,287,130	4,287,130
Dividends	-	(4,250,000)	(4,250,000)
Balance as at 31 July 2016	75,000	245,357	320,357

Moorcroft Group Public Limited Company

Registered number 1704109

Consolidated statement of cash flows for the year ended 31 July 2016

	Note	2016 £	2015 £
Net cash inflow from operating activities	16	5,064,373	4,374,269
Taxation Paid		(853,833)	(601,839)
Net cash generated from operating activities		4,210,540	3,772,430
Cash flow from investing activities			
Purchase of tangible fixed assets		(737,590)	(778,810)
Sale of tangible fixed assets		135,000	33,340
Interest received		96,105	85,661
Net Cash used in investing activities		(506,485)	(659,809)
Cash flow from financing activities			
Equity dividends paid to shareholders		(4,250,000)	(2,000,000)
Interest paid		(210,000)	(211,135)
Net Cash used in financing activities		(4,460,000)	(2,211,135)
Net (decrease)/increase in cash and cash equivalents		(755,945)	901,486
Cash and Cash equivalents at the beginning of the year		13,384,563	12,483,077
Cash and Cash equivalents at the end of the year		12,628,618	13,384,563

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016

1 Accounting Policies

General information

Moorcroft Group Plc is a private company limited by shares. The company is incorporated in England. The address of its registered office is Moorcroft House, 2 Spring Gardens, Stockport, Cheshire, SK1 4AA

The principle activity of the company is recovery of debts and related services.

Statement of compliance

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

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of transition are given in note 21.

(a) Basis of accounting

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, are set out below.

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

(b) Basis of consolidation

The consolidated financial statements include those of the parent company and its subsidiary undertakings up to 31 July 2016. 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.

(c) Revenue

All revenue arises from the company's principal activity, the provision of debt recovery and related services to the credit industry, and is earned in the UK.

Commission revenue represents commission received for the recovery of debts and is recognized when due.

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

The EIR method is a method of calculating the amortised cost of purchased loan portfolio and of allocating interest income over the expected life of the portfolio. The EIR is the rate that exactly discounts the estimated future cash receipts of the purchased portfolio asset to the net carrying amount at initial recognition (i.e. the price paid to acquire the portfolio)

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

1 Accounting Policies (continued)

(d) 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

(e) 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.

(f) 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.

(g) 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.

(h) 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 4.

(i) Current taxation

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

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

1 Accounting Policies (continued)

(j) Purchased Loan Portfolios

The company's purchased loan portfolios are classified as Basic Financial Assets and are measured at amortised cost using the EIR method less any impairment. Purchased loan portfolios are acquired at a deep discount and as a result the estimated future cash flows reflect the credit losses within each portfolio. The purchased loan portfolios are initially recorded at their fair value, being their acquisition price, and are subsequently measured at amortised cost using the EIR method. They are valued based on discounted expected cashflows over 5 to 8 years dependent upon the portfolio make up, and assessed for impairment at period end.

(k) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned

(l) Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;

(m) Cash and Cash equivalents

Cash and Cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Critical accounting Estimates

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

(a) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilization and the physical condition of the assets. See note 9 for the carrying amount of the tangible assets.

(b) Purchased Loan Portfolios

The purchased loan portfolios are initially recorded at their fair value, being their acquisition price, and are subsequently measured at amortised cost using the EIR method. On acquisition they are valued on the basis of the discounted cash flows over typically 5 years but assessed on an individual basis. Once the portfolio is established the present value of future cash flows are monitored. The original effective interest rate remains unchanged and any adjustment to the present value is recognized as income or expense at the date of change. See note 11 for the carrying value of purchased loan portfolios.

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

1 Accounting Policies (continued)

(c) Impairment of Debtors

The company makes an estimate of the recoverable value of trade debtors and other debtors. When assessing impairment of trade and other debtors, management considers factors including current credit rating of the debtor, ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

2 Revenue

All revenue 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.

	2016 £	2015 £
Income from commissions revenue	24,465,158	26,081,715
Income from purchased loan portfolios	3,122,167	3,420,664
Total revenue	27,587,325	29,502,379

3 Directors' emoluments

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

	2016 £	2015 £
Aggregate emoluments	1,483,081	1,916,035
	1,483,081	1,916,035
Highest paid director	£	£
Aggregate emoluments	437,279	472,801
Company pension contributions	-	-
	437,279	472,801

Retirement benefits are accruing to 4(2015: 4) directors under a money purchase scheme.

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

4 Employee information

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

	2016 Number	2015 Number
Administration	431	446
Sales	5	5
	436	451
	£	£
Wages and salaries	12,074,290	12,656,931
Social security costs	1,167,638	1,204,179
Other pension costs	159,852	158,339
	13,401,780	14,019,449

The company operates a defined contribution pension scheme. Contributions in the year were £159,852 (2015: £158,339). There were outstanding contributions at the balance sheet date of £23,528 (2015: £22,023).

5 Operating profit

	2016 £	2015 £
Operating profit is stated after charging/(crediting):		
Depreciation charge for owned fixed assets	887,859	910,642
Operating lease charges – Land and buildings	303,277	301,000
Operating lease charges – Other	22,694	99,600
Services provided by the company auditors		
-fees payable for the audit - parent	23,120	22,500
-fees payable for the audit - subsidiaries	23,120	22,500
-fees payable for other services	19,775	34,275
Profit on disposal of fixed assets	(113,241)	(23,347)

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

6 Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	-	1,135
Interest on loans from directors (note 20)	210,000	210,000
	210,000	211,135

7 Tax on profit on ordinary activities

	2016 £	2015 £
UK Corporation tax on profits of the year	831,762	755,441
Adjustments in respect of previous periods	1,771	(11,420)
Total current tax	833,533	744,021
Deferred tax for prior year	(2,310)	9,968
Origination and reversal of timing differences	(66,254)	72,746
Effect of change of tax rates	(44,514)	(2,364)
Total deferred tax (note 14)	(113,078)	80,350
Tax on profit on ordinary activities	720,455	824,371

The tax assessed for the year is lower (2015: higher) than the standard rate of corporation tax in the UK 20.00% (2015: 20.67%) for the reasons set out in the following reconciliation:

	2016 £	2015 £
Profit on ordinary activities before taxation	3,620,269	3,878,131
Tax on profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.67%)	724,054	801,609
Expenses not deductible for tax purposes	41,454	26,814
Adjustments in respect of previous periods	(539)	(1,452)
Tax rate changes	(44,514)	(2,364)
Tax at marginal rates	-	(236)
Total tax charge	720,455	824,371

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

7 Tax on profit on ordinary activities (continued)

Factors affecting current and future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by an additional £22,257 and reduce the tax expense for the period by £22,257

8 Dividends

	2016 £	2015 £
Interim and final dividends paid of £56.66 per £1 ordinary share (2015: £26.66)	4,250,000	2,000,000

9 Tangible assets

Group and company	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 August 2015	2,690,801	1,208,986	1,430,079	5,329,866
Additions	347,474	268,113	122,003	737,590
Disposals	(521,400)	(438,390)	(299,234)	(1,259,024)
At 31 July 2016	2,516,875	1,038,709	1,252,848	4,808,432
Accumulated depreciation				
At 1 August 2015	1,714,568	724,895	1,208,571	3,648,034
Charge for year	516,745	238,735	132,379	887,859
Disposals	(521,400)	(416,630)	(299,235)	(1,237,265)
At 31 July 2016	1,709,913	547,000	1,041,715	3,298,628
Net book value				
At 31 July 2016	806,962	491,709	211,133	1,509,804
At 31 July 2015	976,233	484,091	221,508	1,681,832

Capital commitments of £94,500 (2015: £268,113) 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 2016 (continued)

10 Investments

Company	2016 £	2015 £
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	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 Credit 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.

11 Purchased loan portfolios

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Amounts falling due within one year				
Purchased loan portfolios	6,365,796	7,616,891	-	-
	6,365,796	7,616,891	-	-

The group recognises income from purchased loan portfolios in accordance with FRS 102, section 11.

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

11 Purchased loan portfolios (continued)

The movement in purchased loan portfolios were as follows:

	2016 £	2015 £
As at 1 August	7,616,891	6,245,378
Purchased loan portfolios acquired in the year	1,816,552	4,693,829
Portfolios cash collections in the year	(6,189,814)	(6,742,980)
Income from purchased loan portfolios	3,122,167	3,420,664
As at 31 July	6,365,796	7,616,891

12 Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Amounts falling due within one year				
Trade debtors	3,462,654	2,641,024	-	-
Amounts owed by group undertakings	-	-	2,599,826	3,208,456
Deferred tax (note 13)	-	-	149,245	165,146
Prepayments and accrued income	789,810	1,161,762	548,725	577,539
	4,252,464	3,802,786	3,297,796	3,951,141

Trade debtors are stated after provision for impairment of £90,563 (2015: £90,611). The impairment expense charged was £48 (2015: £3,911).

Amounts owed by group undertakings and fellow subsidiaries are unsecured, interest free and repayable on demand.

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	4,941,861	4,516,142	124,366	181,460
Loans from directors (note 21)	4,200,000	4,200,000	4,200,000	4,200,000
Corporation tax	382,157	402,457	69,329	71,917
Deferred tax (note 14)	400,612	513,690	-	-
Other taxation and social security	587,889	774,609	547,708	677,239
Accruals and deferred income	1,107,432	1,592,257	967,781	1,389,569
	11,619,951	11,999,155	5,909,184	6,520,185

No security is held against any of the liabilities.

14 Deferred tax

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

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Accelerated capital allowances	(149,245)	(165,146)	(149,245)	(165,146)
Short Term Timing differences	549,857	678,836	-	-
Deferred tax liability/(Asset)	400,612	513,690	(149,245)	(165,146)

There are no unprovided amounts of deferred tax (2015: £nil).

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

14 Deferred tax (continued)

Movements in deferred tax are as follows:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Deferred taxation liability/(asset) at start of period	513,690	433,340	(165,146)	(147,541)
Deferred Taxation charge/(credit) to profit and loss account	(113,078)	80,350	15,901	(17,605)
Provision at end of period	400,612	513,690	(149,245)	(165,146)

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.

15 Called up share capital

Group and company	2016 £	2015 £
Authorised		
1,000,000 (2015:1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
Allotted, and fully paid		
75,000 (2015:75,000) ordinary shares of £1 each	75,000	75,000

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

	2016 £	2015 £
Operating profit	3,734,164	4,003,605
Depreciation of tangible fixed assets	887,859	910,642
Profit on disposal of fixed assets	(113,240)	(23,347)
Decrease in debtors	801,417	559,925
Decrease in creditors	(245,827)	(1,076,556)
Net cash inflow from operating activities	5,064,373	4,374,269

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

17 Financial commitments

At 31 July, the company and group the following future minimum lease payments under non-cancellable operating leases as follows:

	Land and Buildings 2016 £	Land and Buildings 2015 £	Plant and Machinery 2016 £	Plant and Machinery 2015 £
Payments due				
Not later than one year	304,718	221,958	22,709	22,709
Later than one year and not later than five years	511,140	353,000	68,126	90,835
Later than five years	-	-	-	-
	816,128	574,958	90,835	113,544

18 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.

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

19 Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

The company paid operating lease rentals of £283,129 (2015: £281,000) in the year to the company's pension fund in respect of the Spring Gardens, Bredbury and John Street properties.

On 26 May 2015 A J Martin-McRoberts purchased a motor vehicle from the company for a third party valuation of £25,340. This led to a profit on disposal of £22,139 being credited to the Profit and Loss account.

On 1 August 2015 a motor vehicle was transferred from the company to S M McRoberts for £nil value. This led to a loss on disposal of £21,760 being debited to the Profit and Loss account.

Dividends paid by Moorcroft Group Public Limited Company and received in a beneficial capacity by:	2016 £	2015 £
Directors of Moorcroft Group Public Limited Company	4,250,000	2,000,000

20 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 2016 £	Maximum Liability during year 2015 £	2016 £	2015 £
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 £210,000 (2015: £210,000) for the year is included within the results for the year (note 5). Of this interest charge £52,931 (2015: £52,931) was unpaid at the year end, and is included within accruals. This accrual represents £17,644 (2015: £17,644) for each individual director. The loans are repayable on demand.

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

21 First time adoption of FRS102

This is the first year that the Group has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 July 2015. The date of transition to FRS 102 was 1 August 2014.

The main impact of the FRS102 adoption was in the change of accounting treatment of purchased loan portfolios. In the previous reporting UK GAAP the cost of bought debt were charged to administrative expenses such that profit was only recognised when cash collected exceeded the cost of the related bought debt. Under the new account policy the purchased loan portfolios are initially recorded at their fair value, being their acquisition price, and are subsequently measured at amortised cost using the EIR method. The impact of this change is laid out below.

In accordance with the requirements of FRS 102 a reconciliation of the prior year profit and opening balances is provided.

Reconciliation of profit for the financial year	£	2015 £
Profit for the financial year as previously reported under UK GAAP		2,661,941
EIR adjustment on purchased loan portfolios	489,774	
Total adjustments to profit before tax for the financial year		489,774
Deferred tax impact of adjustments		
EIR adjustment on purchased loan portfolios	(97,955)	
Total adjustment to tax expense		(97,955)
Total Adjustment to profit for the financial year		391,819
Profit for the financial year as reported under FRS 102		3,053,760

Reconciliation of other comprehensive income for the year	2015 £
Other comprehensive income as previously reported under UK GAAP	-
Total adjustments on transition	-
Other comprehensive income as reported under FRS 102	-

Moorcroft Group Public Limited Company

Registered number 1704109

Notes to the consolidated financial statements for the year ended 31 July 2016 (continued)

21 First time adoption of FRS102 (continued)

Reconciliation of shareholders' funds	1 August 2014 £	31 July 2015 £
Total Shareholders' funds as reported under UK GAAP	11,109,634	11,771,575
EIR adjustment on purchased loan portfolios	2,904,404	3,394,178
Deferred tax impact of adjustments		
EIR adjustment on purchased loan portfolios	(580,881)	(678,836)
Total Shareholders' funds as reported under FRS 102	13,433,157	14,486,917

No transition adjustments have been made for the company and the company balance sheet remains unchanged.