

Moorcroft Group Public Limited Company
Annual report and consolidated financial
statements
for the year ended 31 July 2018

Registered number 1704109



Moorcroft Group Public Limited Company
Annual report and consolidated financial statements
for the year ended 31 July 2018

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Moorcroft Group Public Limited Company

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Directors and advisors for the year ended 31 July 2018

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

No. 1 Spinningfields

1 Hardman Square

Manchester

M3 3EB

Solicitors

Nelson Solicitors Limited

Pennine House

8 Stanford Street

Nottingham

NG1 7BQ

Registered office

Moorcroft House

No.2 Spring Gardens

Stockport

Cheshire

SK1 4AA

Registered number

1704109

Moorcroft Group Public Limited Company

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Strategic Report for the year ended 31 July 2018

The directors present their Strategic Report for the year ended 31 July 2018.

Principal activities

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 2018 were satisfactory. The group is continuing to provide debt recovery and related services. As at 31 July 2018 the group had net assets of £14,427,895 (2017: £13,436,872). The profit for the financial year ended 31 July 2018 was £2,991,023 (2017: £3,300,141).

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. Risks when identified are recorded centrally and monitored 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 and credit 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 company has identified price risk as changes in the commission rate on services it provides its customers. To manage this risk the company regularly reviews contracts with customers to secure the pricing structure going forward.

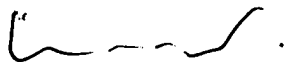
Credit risk

The company has identified credit risk as risk of non-settlement of invoices by its customers. The company has implemented policies that require appropriate credit checks on potential clients before contracts are agreed. Also the overdue invoices are reviewed on a regular basis.

Key performance indicators

Revenue shows an overall year on year increase of 2.8% from £28,380,563 in 2017 to £29,167,908 in 2018. Profit for the financial year has decreased by 9.4% from £3,300,141 in 2017 to £2,991,023 in 2018.

The Strategic Report was approved by the Board of directors on 13 November 2018 and signed on by its order by:



A J McRoberts
Company secretary

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Directors' Report for the year ended 31 July 2018

The directors present their annual report and the audited consolidated financial statements of the group and company for the year ended 31 July 2018.

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 financial year ended 31 July 2018 was £2,991,023 (2017: £3,300,141).

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

	2018 £ per share	2018 £	2017 £ per share	2017 £
Interim paid (2017: 12 April 2017)	-	-	26.67	2,000,000
Final paid 11 April 2018 (2017: 15 July 2017)	26.67	2,000,000	13.33	1,000,000
Total dividend paid	26.67	2,000,000	40.00	3,000,000

After payment of the dividends, the accumulated profit for the financial year of £991,023 (2017: £300,141 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 2018 were 45 days (2017: 38 days).

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Directors' Report for the year ended 31 July 2018 (continued)

Financial risk management

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

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 (2017: £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 Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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Directors' Report for the year ended 31 July 2018 (continued)

Directors' confirmations

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

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and 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 13 November 2018 and signed on its order by:



A J McRoberts
Company secretary

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

Report on the audit of the financial statements

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 2018 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the group and company balance sheets as at 31 July 2018; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the group and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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
- certain disclosures of directors' remuneration specified by law are not made; 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.



Nick Dumper (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
13 November 2018

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Consolidated statement of comprehensive income for the year ended 31 July 2018

	Note	2018 £	2017 £
Revenue			
Income from commissions revenue		26,434,176	26,108,852
Income from purchased loan portfolios		2,733,732	2,271,711
Total Revenue	2	29,167,908	28,380,563
Administrative expenses		(25,208,676)	(24,048,129)
Operating profit	5	3,959,232	4,332,434
Interest receivable and similar income		34,071	52,371
Interest payable and similar expenses	6	(278,207)	(241,551)
Profit before taxation		3,715,096	4,143,254
Tax on profit	7	(724,073)	(843,113)
Profit for the financial year		2,991,023	3,300,141
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		2,991,023	3,300,141

The above results relate to continuing operations.

The accounting policies and notes on pages 13 to 25 form part of these financial statements.

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Balance sheets as at 31 July 2018

		Group		Company	
	Note	2018 £	2017 £	2018 £	2017 £
Fixed assets					
Tangible assets	9	2,303,921	2,187,884	2,303,921	2,187,884
Investments	10	-	-	114	114
		2,303,921	2,187,884	2,304,035	2,187,998
Current assets					
Purchased Loan Portfolios	11	3,517,870	4,497,049	-	-
Debtors	12	4,389,369	3,515,118	3,320,962	3,278,289
Cash at bank and in hand		17,456,934	15,249,875	1,055,504	936,991
		25,364,173	23,262,042	4,376,466	4,215,280
Creditors: amounts falling due within one year	13	(13,240,199)	(12,013,054)	(6,210,640)	(6,003,920)
Net current assets/(liabilities)		12,123,974	11,248,988	(1,834,174)	(1,788,640)
Total assets less current liabilities		14,427,895	13,436,872	469,861	399,358
Net assets		14,427,895	13,436,872	469,861	399,358
Capital and reserves					
Called up share capital	15	75,000	75,000	75,000	75,000
Other reserves		49,900	49,900	-	-
Profit and loss account		14,302,995	13,311,972	394,861	324,358
Total shareholders' funds		14,427,895	13,436,872	469,861	399,358

The profit for the financial year of the company was £2,070,503 (2017: £3,079,001).

The financial statements on pages 9 to 25 were approved by the Board of directors on 13 November 2018 and were signed on its behalf by:


N G McRoberts
Director

Moorcroft Group Public Limited Company

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Statements of Changes in Equity for the year ended 31 July 2018

Group	Called up Share Capital	Other Reserves	Profit and loss account	Total Shareholders' Funds
	£	£	£	£
Balance as at 1 August 2016	75,000	49,900	13,011,831	13,136,731
Profit and total comprehensive income for the financial year	-	-	3,300,141	3,300,141
Dividends	-	-	(3,000,000)	(3,000,000)
Balance as at 31 July 2017	75,000	49,900	13,311,972	13,436,872
Profit and total comprehensive income for the financial year	-	-	2,991,023	2,991,023
Dividends	-	-	(2,000,000)	(2,000,000)
Balance as at 31 July 2018	75,000	49,900	14,302,995	14,427,895

Company	Called up Share Capital	Profit and loss account	Total Shareholders' Funds
	£	£	£
Balance as at 1 August 2016	75,000	245,357	320,357
Profit and total comprehensive income for the financial year	-	3,079,001	3,079,001
Dividends	-	(3,000,000)	(3,000,000)
Balance as at 31 July 2017	75,000	324,358	399,358
Profit and total comprehensive income for the financial year	-	2,070,503	2,070,503
Dividends	-	(2,000,000)	(2,000,000)
Balance as at 31 July 2018	75,000	394,861	469,861

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Consolidated statement of cash flows for the year ended 31 July 2018

	Note	2018 £	2017 £
Net cash inflow from operating activities	16	2,595,372	3,940,456
Taxation Paid		(827,157)	(901,762)
Net cash generated from operating activities		1,768,215	3,038,694
Cash flows from investing activities			
Purchased loan portfolios acquired		(2,477,325)	(1,392,255)
Purchased loan portfolios cash collections		6,190,236	5,532,713
Purchase of tangible assets		(1,255,038)	(1,526,995)
Sale of fixed assets		225,107	142,400
Interest received		34,071	52,371
Net Cash from in investing activities		2,717,051	2,808,234
Cash flows from financing activities			
Equity dividends paid to shareholders		(2,000,000)	(3,000,000)
Interest paid		(278,207)	(225,671)
Net Cash used in financing activities		(2,278,207)	(3,225,671)
Net increase in cash and cash equivalents		2,207,059	2,621,257
Cash and Cash equivalents at the beginning of the year		15,249,875	12,628,618
Cash and Cash equivalents at the end of the year		17,456,934	15,249,875

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Notes to the consolidated financial statements for the year ended 31 July 2018

1 Accounting Policies

General information

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

Summary of significant accounting policies

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

(a) Basis of accounting

The financial statements 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 2018. 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 recognised at fair value at the purchase date that equals the price paid. They are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method.

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

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Notes to the consolidated financial statements for the year ended 31 July 2018 (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.

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Notes to the consolidated financial statements for the year ended 31 July 2018 (continued)

1 Accounting Policies (continued)

(j) Purchased Loan Portfolios

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

(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 and judgements

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

(a) Purchased Loan Portfolios

On acquisition, an estimate of the future cash flows over the portfolio's expected life is used to determine the original EIR. This estimate is performed based upon the historical performance of the portfolio where the data is known, comparison to other purchased loan portfolios with similar characteristics and other known factors. The expected life of portfolios is typically 5 years, although is assessed on an individual basis with certain portfolios having an expected life of up to 8 years. Once the portfolio is established the present value of future cash flows are monitored and revised where necessary, based on latest available information. The key estimates are therefore the forecast future cash flows and the expected life of each portfolio.

(b) 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.

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Notes to the consolidated financial statements for the year ended 31 July 2018 (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.

	2018 £	2017 £
Income from commissions revenue	26,434,176	26,108,852
Income from purchased loan portfolios	2,733,732	2,271,711
Total revenue	29,167,908	28,380,563

3 Directors' emoluments

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

	2018 £	2017 £
Aggregate emoluments	1,736,280	1,722,907
	1,736,280	1,722,907
Highest paid director	£	£
Aggregate emoluments	440,071	439,106
Company pension contributions	-	-
	440,071	439,106

Retirement benefits are accruing to 4 (2017: 4) directors under a money purchase scheme.

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Notes to the consolidated financial statements for the year ended 31 July 2018 (continued)

4 Employee information

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

	2018 Number	2017 Number
Administration	463	451
Sales	6	5
	469	456
	£	£
Wages and salaries	13,243,066	12,626,131
Social security costs	1,302,687	1,236,765
Other pension costs	182,120	155,431
	14,727,873	14,018,327

The company operates a defined contribution pension scheme. Contributions in the year were £182,120 (2017: £155,431). There were outstanding contributions at the balance sheet date of £17,229 (2017: £26,574).

5 Operating profit

	2018 £	2017 £
Operating profit is stated after charging/(crediting):		
Depreciation charge for owned fixed assets	1,004,944	819,650
Operating lease charges – Land and buildings	304,718	304,718
Operating lease charges – Other	21,445	22,568
Services provided by the company auditors		
-fees payable for the audit - parent	24,600	23,900
-fees payable for the audit - subsidiaries	24,600	23,900
-fees payable for other services	10,000	23,165
Profit on disposal of fixed assets	(91,050)	(113,135)

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Notes to the consolidated financial statements for the year ended 31 July 2018 (continued)

6 Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	-	310
Interest on loans from directors (note 20)	278,207	241,241
	278,207	241,551

7 Tax on profit

	2018 £	2017 £
UK Corporation tax on profits of the year	805,780	900,528
Adjustments in respect of previous periods	(3,317)	(395)
Total current tax	802,463	900,133
Origination and reversal of timing differences	(80,025)	(61,148)
Effect of change of tax rates	1,635	4,128
Total deferred tax (note 14)	(78,390)	(57,020)
Tax on profit	724,073	843,113

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK 19.0% (2017: 19.67%) for the reasons set out in the following reconciliation:

	2018 £	2017 £
Profit before taxation	3,715,096	4,143,254
Tax on profit multiplied by standard rate of corporation tax in the UK of 19.0% (2017: 19.67%)	705,868	814,978
Expenses not deductible for tax purposes	19,887	24,578
Adjustments in respect of previous periods	(3,317)	(395)
Tax rate changes	1,635	4,128
Tax rate rounding	-	(176)
Total tax charge	724,073	843,113

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Notes to the consolidated financial statements for the year ended 31 July 2018 (continued)

7 Tax on profit (continued)

Factors affecting current and future tax charges

Changes to reduce the UK corporation tax rate to 17% from 1 April 2020 were substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 July 2018 has been calculated based on these rates.

8 Dividends

	2018 £	2017 £
Interim and final dividends paid of £20.67 per £1 ordinary share (2017: £40.00)	2,000,000	3,000,000

The dividends were fully paid in the year. An interim dividend of £2,000,000 (£20.67 per £1 ordinary share) was paid on 16 October 2018.

9 Tangible assets

Group and company	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 August 2017	3,568,638	1,118,905	1,320,290	6,007,833
Additions	676,270	573,077	5,691	1,255,038
Disposals	-	(519,769)	(68,415)	(588,184)
At 31 July 2018	4,244,908	1,172,213	1,257,566	6,674,687
Accumulated depreciation				
At 1 August 2017	2,160,881	511,508	1,147,560	3,819,949
Charge for year	284,546	637,928	82,470	1,004,944
Disposals	-	(385,712)	(68,415)	(454,127)
At 31 July 2018	2,445,427	763,724	1,161,615	4,370,766
Net book value				
At 31 July 2018	1,799,481	408,489	95,951	2,303,921
At 31 July 2017	1,407,757	607,397	172,730	2,187,884

Included in the net book value of computer equipment is £228,463 (2017: £246,968) of computer software purchased. Capital commitments of £55,050 (2017: £158,644) were contracted but not provided for at the year end.

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Notes to the consolidated financial statements for the year ended 31 July 2018 (continued)

10 Investments

Company	2018 £	2017 £
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

All the above companies have a registered address of Moorcroft House, 2 Spring Gardens, Stockport, Cheshire, SK1 4AA, with the exception of Midas Credit Services Limited which is registered at George House, John Street, Stockport, SK1 3EG and Debt Surveillance Limited which is registered at International House, 14-15 Bredbury Business Park, Bredbury Parkway Stockport, Cheshire, SK6 2SN.

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

11 Purchased loan portfolios

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Amounts falling due within one year				
Purchased loan portfolios	3,517,870	4,497,049	-	-
	3,517,870	4,497,049	-	-

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

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Notes to the consolidated financial statements for the year ended 31 July 2018 (continued)

11 Purchased loan portfolios (continued)

The movement in purchased loan portfolios were as follows:

	2018 £	2017 £
As at 1 August	4,497,049	6,365,796
Purchased loan portfolios acquired in the year	2,477,325	1,392,255
Portfolios cash collections in the year	(6,190,236)	(5,532,713)
Income from purchased loan portfolios	2,733,732	2,271,711
As at 31 July	3,517,870	4,497,049

12 Debtors

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Amounts falling due within one year				
Trade debtors	3,152,342	2,850,336	-	-
Amounts owed by group undertakings	-	-	2,500,110	2,610,933
Deferred tax (note 14)	-	-	150,012	136,111
Prepayments and accrued income	1,237,027	664,782	670,840	531,245
	4,389,369	3,515,118	3,320,962	3,278,289

Trade debtors are stated after provision for impairment of £90,346 (2017: £92,392). The impairment expense released was £2,046 (2017: charged £1,829).

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

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Notes to the consolidated financial statements for the year ended 31 July 2018 (continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade creditors	6,295,552	5,321,623	204,332	138,679
Loans from directors (note 20)	4,200,000	4,200,000	4,200,000	4,200,000
Corporation tax	355,835	380,528	62,696	50,402
Deferred tax (note 14)	265,202	343,592	-	-
Other taxation and social security	780,044	595,808	685,680	573,552
Accruals and deferred income	1,343,566	1,171,503	1,057,932	1,041,287
	13,240,199	12,013,054	6,210,640	6,003,920

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	
	2018 £	2017 £	2018 £	2017 £
Accelerated capital allowances	(150,012)	(136,111)	(150,012)	(136,111)
Short Term Timing differences	415,214	479,703	-	-
Deferred tax liability/(asset)	265,202	343,592	(150,012)	(136,111)

There are no unprovided amounts of deferred tax (2017: £nil).

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Notes to the consolidated financial statements for the year ended 31 July 2018 (continued)

14 Deferred tax (continued)

Movements in deferred tax are as follows:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Deferred taxation liability/(asset) at start of year	343,592	400,612	(136,111)	(149,245)
Deferred Taxation (credit)/charge to profit and loss account	(78,390)	(57,020)	(13,901)	13,134
Liability/(asset) at end of year	265,202	343,592	(150,012)	(136,111)

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 been recognised in these financial statements.

15 Called up share capital

Group and company	2018 £	2017 £
Authorised		
1,000,000 (2017:1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
Allotted, and fully paid		
75,000 (2017:75,000) ordinary shares of £1 each	75,000	75,000

16 Net cash inflow from operating activities

	2018 £	2017 £
Operating profit	3,959,232	4,332,434
Depreciation of tangible assets	1,004,944	819,650
Income from purchased loan portfolios	(2,733,732)	(2,271,711)
Profit on disposal of tangible assets	(91,050)	(113,135)
(Increase)/decrease in debtors	(874,251)	737,346
Increase in creditors	1,330,229	435,872
Net cash inflow from operating activities	2,595,372	3,940,456

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Notes to the consolidated financial statements for the year ended 31 July 2018 (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 2018 £	Land and Buildings 2017 £	Plant and Machinery 2018 £	Plant and Machinery 2017 £
Payments due				
Not later than one year	294,159	246,968	17,934	22,568
Later than one year and not later than five years	562,133	402,542	67,253	45,139
Later than five years	-	-	-	-
	856,292	649,510	85,187	67,707

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.

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Notes to the consolidated financial statements for the year ended 31 July 2018 (continued)

19 Related party transactions

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

The company paid operating lease rentals of £283,600 (2017: £283,598) in the year to the company's pension fund in respect of the Spring Gardens, Bredbury and John Street properties.

On 24 September 2016 the company purchased a motor car from N G McRoberts for a third party valuation of £49,250.

Dividends paid by Moorcroft Group Public Limited Company and received in a beneficial capacity by:	2018 £	2017 £
Directors of Moorcroft Group Public Limited Company	2,000,000	3,000,000

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 2018 £	Maximum Liability during year 2017 £	2018 £	2017 £
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 6.75%, and interest payable of £278,207 (2017: £241,241) for the year is included within the results for the year (note 6). Of this interest charge £71,458 (2017: £68,811) was unpaid at the year end, and is included within accruals. This accrual represents £23,819 (2017: £22,937) for each individual director. The loans are repayable on demand.