

Moorcroft Group Public Limited Company  
Annual report and consolidated financial  
statements  
for the year ended 31 July 2020

Registered number 1704109



Moorcroft Group Public Limited Company  
Annual report and consolidated financial statements  
for the year ended 31 July 2020

Contents

	<b>Page</b>
Directors and advisors for the year ended 31 July 2020.....	1
Strategic Report for the year ended 31 July 2020 .....	2
Directors' report for the year ended 31 July 2020 .....	5
Independent auditors' report to the members of Moorcroft Group Public Limited Company.....	8
Consolidated statement of comprehensive income for the year ended 31 July 2020 .....	11
Balance sheets as at 31 July 2020 .....	12
Statements of changes in equity for the year ended 31 July 2020.....	13
Consolidated statement of cash flows for the year ended 31 July 2020 .....	14
Notes to the consolidated financial statements for the year ended 31 July 2020 .....	15

**Moorcroft Group Public Limited Company**  
**Registered number 1704109**

**Directors and advisors for the year ended 31 July 2020**

**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  
Manchester Hardman Sq.  
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**  
Registered number 1704109

**Strategic Report for the year ended 31 July 2020**

The directors present their Strategic Report for the year ended 31 July 2020.

**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 group is continuing to provide debt recovery and related services.

The level of business during the year and the financial position at 31 July 2020 were satisfactory given the unprecedented impact from the Covid-19 pandemic with some clients suspending the referral of new cases during the lockdown period from March 2020. The impact of this was that, although initially trading was impacted and this is reflected in the results shown, the business was quick to react and trading (i.e. the level of new cases received and the amounts being returned to our clients) have now recovered to levels approaching that in place prior to the pandemic.

Our response to the pandemic involved a number of actions including:

- A temporary suspension of outbound activities for a limited period during March and April.
- A shift in our working patterns to allow the majority of staff to work from home.
- Introduction (following client consultations) of additional forbearance measures for customers (such as longer hold periods applied to accounts).
- Limited use of Government furlough scheme.

By adopting these and other measures, and continuing to adapt as the pandemic has developed, the Company has been able to continue to offer our clients and customers the same high levels of service that they expect.

We are confident that the future prospects for the business are strong, as we have continued to invest in our people and infrastructure. We anticipate having to continue to work closely with existing and new clients in the coming months and the need to be flexible in relation to the levels of work we are asked to receive and the approach that we take given the economic climate and the impact that this will inevitable have on customers.

As at 31 July 2020 the group had net assets of £15,226,804 (2019: £14,573,618). The profit for the financial year ended 31 July 2020 was £4,653,186 (2019: £4,645,723).

**Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to be:

- Competition within the market;
- Cost required to ensure compliance;
- Potential costs of non-compliance with all relevant legislation and regulations; and
- External economic factors (including Covid-19 pandemic) impacting levels of debt and the customer's ability to maintain payment arrangements. Although we are unable to mitigate these our approach is always to work with customers to provide where possible long term affordable solutions.

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.

## **Strategic Report for the year ended 31 July 2020 (continued)**

### **Financial risk management**

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

#### **Price risk**

The group 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 group has identified credit risk as risk of non-settlement of invoices by its customers. The group 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. To date we have not seen any deterioration in client payment behaviour due to the pandemic.

### **Key performance indicators**

Revenue shows an overall year on year decrease of 3.8% from £32,363,637 in 2019 to £31,140,940 in 2020. Profit for the financial year has increased by 0.2% from £4,645,723 in 2019 to £4,653,186 in 2020.

### **Section 172 statement**

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and

The Directors have also considered the views and interests of a wider set of stakeholders, including regulators, clients, government and non-governmental organisations. Considering and balancing this broad range of interests is an important part of the way the Board makes decisions.

### **Engagement with stakeholders**

The size and distribution of our stakeholders means that stakeholder engagement often takes place at an operational level. The Board considers and discusses information from across the organisation to help it understand the impact of Group operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, mainly as a result of output from our Compliance Committee. As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

## **Strategic Report for the year ended 31 July 2020 (continued)**

### **Engagement in action**

The following are some examples of how the Directors have performed their duties as outlined in Section 172(1)(a)-(f):

#### **Interests of the Group's employees:**

These are defined within the Group's policies and actions in relation to employee engagement, employee development and health and safety.

#### **Business relationships:**

We use a variety of sources to gauge the needs of our clients including regular meetings and on-going internal reporting.

We also use a survey to gauge the level of satisfaction of our interactions with members of the public. The survey is completed after all telephone calls and is also available on our customer facing website. The results are reviewed monthly and any noticeable trends are acted upon.

### **Emission and energy use**

We report carbon dioxide emissions resulting from energy use in our buildings and employees' business travel. Our carbon dioxide reporting year runs from January to December.


	<b>2020</b>	<b>2019</b>
Carbon Dioxide Emissions in tonnes	287.3	323.5
Carbon Dioxide Emissions in tonnes per FTE	0.55	0.66
Energy consumption in KWH	668,323	713,418

The reduction in our carbon emissions continues to be driven by energy efficiency initiatives, as well as our procurement of electricity from renewable sources under power purchase agreements. As energy takes 73% of our carbon emissions, we continue to focus on energy reduction and efficiency projects.

### **The future**

Looking forward, we will focus on the continuous improvement of our services to our clients and customers by investing in our infrastructure and workforce. We will attempt to grow our market share by on-boarding new clients and increasing the services offered to existing ones.

The Strategic Report was approved by the Board of directors on 27 November 2020 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 2020**

The directors present their annual report and consolidated financial statements of the group and company for the year ended 31 July 2020.

**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 2020 was £4,653,186 (2019: £4,645,723).

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

	2020 £ per share	2020 £	2019 £ per share	2019 £
Interim paid 16 December 2019 (2019: 16 October 2018)	26.67	2,000,000	26.67	2,000,000
Interim paid (2019: 11 April 2019)	-	-	26.67	2,000,000
Final paid 06 July 2020 (2019: 08 July 2019)	26.67	2,000,000	6.67	500,000
Total dividend paid	53.33	4,000,000	60.00	4,500,000

After payment of the dividends, the accumulated profit for the financial year of £653,186 (2019: £145,723 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 2020 were 36 days (2019: 35 days).

## **Directors' Report for the year ended 31 July 2020 (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 (2019: £nil) during the year.

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

The directors benefitted 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 consolidated 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.



**Moorcroft Group Public Limited Company**  
**Registered number 1704109**

**Directors' Report for the year ended 31 July 2020 (continued)**

**Directors' confirmations**

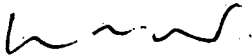
In the case of each director in office at the date the Directors' Report is approved:

- 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 27 November 2020 and signed on its order by:



**A J McRoberts**  
Company secretary

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

**Report on the audit of the financial statements**

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**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 2020 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 2020; 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.

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**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.

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**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 where:

- 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.

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

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### **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 required to report that fact. We have nothing to report based on these responsibilities.

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 2020 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.

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### **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 set out on page 6, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Moorcroft Group Public Limited Company**  
Registered number 1704109

***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.

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**Other required reporting**

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**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.

*H. Varley*

Heather Varley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
27 November 2020

**Moorcroft Group Public Limited Company**  
Registered number 1704109

**Consolidated statement of comprehensive income for the year ended 31 July 2020**

	Note	2020 £	2019 £
<b>Revenue</b>			
Income from commissions revenue		27,938,192	29,287,482
Income from purchased loan portfolios		3,202,748	3,076,155
Total Revenue	2	31,140,940	32,363,637
Other Income Government Grant received		631,002	-
Administrative expenses		(26,323,559)	(26,374,591)
<b>Operating profit</b>	5	5,448,383	5,989,046
Interest receivable and similar income		51,922	71,597
Interest payable and similar expenses	6	(293,942)	(293,622)
<b>Profit before taxation</b>		5,206,363	5,767,021
Tax on profit	7	(553,177)	(1,121,298)
<b>Profit for the financial year</b>		4,653,186	4,645,723
<b>Other comprehensive income:</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		4,653,186	4,645,723

The above results relate to continuing operations.

The accounting policies and notes on pages 15 to 27 form part of these financial statements.

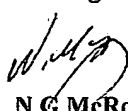
**Moorcroft Group Public Limited Company**  
Registered number 1704109

**Balance sheets as at 31 July 2020**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	9	1,398,895	1,797,097	1,398,895	1,797,097
Investments	10	-	-	114	114
		<b>1,398,895</b>	<b>1,797,097</b>	<b>1,399,009</b>	<b>1,797,211</b>
<b>Current assets</b>					
Purchased Loan Portfolios	11	7,601,916	2,438,058	-	-
Debtors	12	3,830,189	4,431,691	8,171,574	4,112,658
Cash at bank and in hand		16,385,144	19,463,639	2,340	1,107,578
		<b>27,817,249</b>	<b>26,333,388</b>	<b>8,173,914</b>	<b>5,220,236</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(13,989,340)</b>	<b>(13,556,867)</b>	<b>(8,707,827)</b>	<b>(6,520,423)</b>
<b>Net current assets/(liabilities)</b>		<b>13,827,909</b>	<b>12,776,521</b>	<b>(533,913)</b>	<b>(1,300,187)</b>
<b>Total assets less current liabilities</b>		<b>15,226,804</b>	<b>14,573,618</b>	<b>865,096</b>	<b>497,024</b>
<b>Net assets</b>		<b>15,226,804</b>	<b>14,573,618</b>	<b>865,096</b>	<b>497,024</b>
<b>Capital and reserves</b>					
Called up share capital	15	75,000	75,000	75,000	75,000
Other reserves		49,900	49,900	-	-
Profit and loss account		15,101,904	14,448,718	790,096	422,024
<b>Total shareholders' funds</b>		<b>15,226,804</b>	<b>14,573,618</b>	<b>865,096</b>	<b>497,024</b>

The profit for the financial year of the company was £4,368,072 (2019: £4,527,163).

The financial statements on pages 11 to 27 were approved by the Board of directors on 27 November 2020 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 2020**

<b>Group</b>	<b>Called up Share Capital</b>	<b>Other Reserves</b>	<b>Profit and loss account</b>	<b>Total Shareholders' Funds</b>
	£	£	£	£
<b>Balance as at 1 August 2018</b>	<b>75,000</b>	<b>49,900</b>	<b>14,302,995</b>	<b>14,427,895</b>
Profit and total comprehensive income for the financial year	-	-	4,645,723	4,645,723
Dividends	-	-	(4,500,000)	(4,500,000)
<b>Balance as at 31 July 2019</b>	<b>75,000</b>	<b>49,900</b>	<b>14,448,718</b>	<b>14,573,618</b>
Profit and total comprehensive income for the financial year	-	-	4,653,186	4,653,186
Dividends	-	-	(4,000,000)	(4,000,000)
<b>Balance as at 31 July 2020</b>	<b>75,000</b>	<b>49,900</b>	<b>15,101,904</b>	<b>15,226,804</b>

<b>Company</b>	<b>Called up Share Capital</b>	<b>Profit and loss account</b>	<b>Total Shareholders' Funds</b>
	£	£	£
<b>Balance as at 1 August 2018</b>	<b>75,000</b>	<b>394,861</b>	<b>469,861</b>
Profit and total comprehensive income for the financial year	-	4,527,163	4,527,163
Dividends	-	(4,500,000)	(4,500,000)
<b>Balance as at 31 July 2019</b>	<b>75,000</b>	<b>422,024</b>	<b>497,024</b>
Profit and total comprehensive income for the financial year	-	4,368,072	4,368,072
Dividends	-	(4,000,000)	(4,000,000)
<b>Balance as at 31 July 2020</b>	<b>75,000</b>	<b>790,096</b>	<b>865,096</b>

**Moorcroft Group Public Limited Company**  
Registered number 1704109

**Consolidated statement of cash flows for the year ended 31 July 2020**

	Note	2020 £	2019 £
Net cash inflow from operating activities	16	4,453,143	3,910,001
Taxation Paid		(1,021,838)	(955,780)
Net cash generated from operating activities		3,431,305	2,954,221
Cash flows from investing activities			
Purchased loan portfolios acquired		(8,215,756)	(1,641,499)
Purchased loan portfolios cash collections		6,254,646	5,797,466
Purchase of tangible assets		(541,441)	(472,758)
Sale of fixed assets		102,000	91,300
Interest received		51,922	71,597
Net Cash (used in)/generated from investing activities		(2,348,629)	3,846,106
Cash flows from financing activities			
Equity dividends paid to shareholders		(4,000,000)	(4,500,000)
Interest paid		(293,942)	(293,622)
Net Cash used in financing activities		(4,293,942)	(4,793,622)
Net (decrease)/increase in cash and cash equivalents		(3,211,266)	2,006,705
Cash and Cash equivalents at the beginning of the year		19,463,639	17,456,934
Cash and Cash equivalents at the end of the year		16,252,373	19,463,639



**Moorcroft Group Public Limited Company**  
Registered number 1704109

**Notes to the consolidated financial statements for the year ended 31 July 2020**

**1 Accounting Policies**

**General information**

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

The principle activity of the group 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 accounting policies, which have been applied consistently, are set out below.

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

After reviewing the group's and company's forecasts and projections, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. The group and company therefore continues to adopt the going concern basis in preparing the financial statements

**(b) Basis of consolidation**

The consolidated financial statements include those of the parent company and its subsidiary undertakings up to 31 July 2020. 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.

**Notes to the consolidated financial statements for the year ended 31 July 2020 (continued)**

**1 Accounting Policies (continued)**

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.

**(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.

**Notes to the consolidated financial statements for the year ended 31 July 2020 (continued)**

**1 Accounting Policies (continued)**

**(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.

**(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. Included within cash and cash equivalents and trade creditors is £4,812,751 (2019: £6,014,239) which is cash collected on behalf of clients that is due to be transferred to clients in due course and so not available to be utilised by the company.

**(n) Coronavirus Job Retention Scheme - Grant Income**

As a result of the measures implemented by the government to reduce the spread of the coronavirus, the Government initiated the Coronavirus Job Retention Scheme ("CJRS") which intends to help employers retain staff during the Coronavirus pandemic. The company's Grant Income is solely related to the grant income received from the CJRS, has been recognised using the accrual model and is disclosed in note 5

**Moorcroft Group Public Limited Company**  
Registered number 1704109

**Notes to the consolidated financial statements for the year ended 31 July 2020 (continued)**

**1 Accounting Policies (continued)**

**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 7 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.

**2 Total 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.

	2020 £	2019 £
Income from commissions revenue	27,938,192	29,287,482
Income from purchased loan portfolios	3,202,748	3,076,155
<b>Total revenue</b>	<b>31,140,940</b>	<b>32,363,637</b>

**3 Directors' emoluments**

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

	2020 £	2019 £
Aggregate emoluments	3,017,601	2,040,453
	3,017,601	2,040,453
<b>Highest paid director</b>		
Aggregate emoluments	862,890	536,846
Company pension contributions	-	-
	862,890	536,846

Retirement benefits are accruing to 4 (2019: 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 2020 (continued)**

**4 Employee information**

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

	2020 Number	2019 Number
Administration	509	489
Sales	7	7
	<b>516</b>	<b>496</b>

		£
Wages and salaries	14,993,408	13,943,329
Social security costs	1,455,616	1,354,385
Other pension costs	310,315	225,963
	<b>16,759,339</b>	<b>15,523,677</b>

The company operates a defined contribution pension scheme. Contributions in the year were £310,315 (2019: £225,963). There were outstanding contributions at the balance sheet date of £13,937 (2019: £5,930).

**5 Operating profit**

	2020 £	2019 £
Operating profit is stated after (crediting)/charging:		
Other income - Coronavirus Job Retention Scheme Grant received	(631,002)	-
Depreciation charge for owned fixed assets	888,894	943,977
Operating lease charges – Land and buildings	313,320	314,288
Operating lease charges – Other	17,937	17,934
Services provided by the company auditors		
-fees payable for the audit - parent	29,268	25,350
-fees payable for the audit - subsidiaries	29,267	25,350
-fees payable for tax compliance services	65,965	22,665
Profit on disposal of fixed assets	(51,251)	(55,695)

**Notes to the consolidated financial statements for the year ended 31 July 2020 (continued)**

**6 Interest payable and similar expenses**

	2020 £	2019 £
Other interest payable	-	10,122
Interest on loans from directors (note 20)	293,942	283,500
	<b>293,942</b>	<b>293,622</b>

**7 Tax on profit**

	2020 £	2019 £
UK Corporation tax on profits of the year	1,097,125	1,208,493
Adjustments in respect of previous periods	(475,563)	(56)
<b>Total current tax</b>	<b>621,562</b>	<b>1,208,437</b>
Origination and reversal of timing differences	(86,430)	(89,803)
Adjustments in respect of previous periods	1,921	-
Effect of change of tax rates	16,124	2,664
<b>Total deferred tax (note 14)</b>	<b>(68,385)</b>	<b>(87,139)</b>
<b>Tax on profit</b>	<b>553,177</b>	<b>1,121,298</b>

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK 19.00% (2019: 19.00%) for the reasons set out in the following reconciliation:

	2020 £	2019 £
<b>Profit before taxation</b>	<b>5,206,363</b>	<b>5,767,021</b>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	989,209	1,095,734
Expenses not deductible for tax purposes	21,486	22,956
Adjustments in respect of previous periods	(473,642)	(56)
Tax rate changes	16,124	2,664
<b>Total tax charge</b>	<b>553,177</b>	<b>1,121,298</b>

**Notes to the consolidated financial statements for the year ended 31 July 2020 (continued)**

**7 Tax on profit (continued)**

**Factors affecting current and future tax charges**

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had been substantively enacted at the balance sheet date, its effects are included in these financial statements. The deferred tax liability at 31 July 2020 has been calculated based on these rates.

**8 Dividends**

	2020 £	2019 £
Interim and final dividends paid of £53.33 per £1 ordinary share (2019: £60.00)	4,000,000	4,500,000

The dividends were fully paid in the year.

**9 Tangible assets**

Group and company	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 August 2019	4,522,039	1,115,441	1,268,115	6,905,595
Additions	299,196	210,376	31,869	541,441
Disposals	-	(218,745)	-	(218,745)
<b>At 31 July 2020</b>	<b>4,821,235</b>	<b>1,107,072</b>	<b>1,299,984</b>	<b>7,228,291</b>
<b>Accumulated depreciation</b>				
At 1 August 2019	3,409,481	481,454	1,217,563	5,108,498
Charge for year	576,143	279,333	33,418	888,894
Disposals	-	(167,996)	-	(167,996)
<b>At 31 July 2020</b>	<b>3,985,624</b>	<b>592,791</b>	<b>1,250,981</b>	<b>5,829,396</b>
<b>Net book value</b>				
<b>At 31 July 2020</b>	<b>835,611</b>	<b>514,281</b>	<b>49,003</b>	<b>1,398,895</b>
At 31 July 2019	1,112,558	633,987	50,552	1,797,097

Included in the net book value of computer equipment is £299,538 (2019: £279,744) of computer software purchased. Capital commitments of £41,065 (2019: £33,700) 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 2020 (continued)**

**10 Investments**

<b>Company</b>	<b>2020 £</b>	<b>2019 £</b>
Interests in group undertakings – cost and net book value	<b>114</b>	<b>114</b>

Details of group undertakings are as follows:

<b>Name of undertaking</b>	<b>Country of incorporation</b>	<b>Description and number of shares held</b>	<b>Proportion of nominal value of issued shares held %</b>	<b>Principal activity</b>
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**

	<b>Group</b>		<b>Company</b>	
	<b>2020 £</b>	<b>2019 £</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Amounts falling due within one year</b>				
Purchased loan portfolios	<b>7,601,916</b>	<b>2,438,058</b>	-	-
	<b>7,601,916</b>	<b>2,438,058</b>	-	-

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 2020 (continued)**

**11 Purchased loan portfolios (continued)**

The movement in purchased loan portfolios were as follows:

	2020 £	2019 £
As at 1 August	2,438,058	3,517,870
Purchased loan portfolios acquired in the year	8,215,756	1,641,499
Portfolios cash collections in the year	(6,254,646)	(5,797,466)
Income from purchased loan portfolios	3,202,748	3,076,155
As at 31 July	7,601,916	2,438,058

**12 Debtors**

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
<b>Amounts falling due within one year</b>				
Trade debtors	2,786,767	2,886,536	-	-
Amounts owed by group undertakings	-	-	7,321,186	3,262,450
Corporation Tax	-	-	86,841	-
Deferred tax (note 14)	-	-	212,769	172,662
Prepayments and accrued income	1,043,422	1,545,155	550,778	677,546
	3,830,189	4,431,691	8,171,574	4,112,658

Trade debtors are stated after provision for impairment of £91,568 (2019: £91,597). The impairment expense credited was £29 (2019: charged £1,251).

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 2020 (continued)**

**13 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	132,771	-	132,771	-
Trade creditors	5,063,269	6,348,744	229,443	318,491
Loans from directors (note 20)	4,200,000	4,200,000	4,200,000	4,200,000
Corporation tax	208,216	608,492	-	66,490
Deferred tax (note 14)	109,678	178,063	-	-
Other taxation and social security	1,850,759	887,263	1,768,652	742,662
Accruals and deferred income	2,424,647	1,334,305	2,376,961	1,192,780
	<b>13,989,340</b>	<b>13,556,867</b>	<b>8,707,827</b>	<b>6,520,423</b>

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:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	(210,121)	(172,662)	(210,121)	(172,662)
Short-term timing differences	319,799	350,725	(2,648)	-
<b>Deferred tax liability/(asset)</b>	<b>109,678</b>	<b>178,063</b>	<b>(212,769)</b>	<b>(172,662)</b>

There are no unprovided amounts of deferred tax (2019: £nil).

**Moorcroft Group Public Limited Company**  
Registered number 1704109

**Notes to the consolidated financial statements for the year ended 31 July 2020 (continued)**

**14 Deferred tax (continued)**

Movements in deferred tax are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Deferred taxation liability/(asset) at start of year	178,063	265,202	(172,662)	(150,012)
Deferred taxation credit to profit and loss account	(68,385)	(87,139)	(40,107)	(22,650)
<b>Liability/(Asset) at end of year</b>	<b>109,678</b>	<b>178,063</b>	<b>(212,769)</b>	<b>(172,662)</b>

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**

	<b>2020</b>	<b>2019</b>
<b>Group and company</b>	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000,000 (2019:1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
<b>Allotted, and fully paid</b>		
75,000 (2019:75,000) ordinary shares of £1 each	75,000	75,000

**16 Net cash inflow from operating activities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating profit	5,448,383	5,989,046
Depreciation of tangible assets	888,894	943,977
Income from purchased loan portfolios	(3,202,748)	(3,076,155)
Profit on disposal of tangible assets	(51,251)	(55,695)
Decrease/(Increase) in debtors	601,502	(42,322)
Increase in creditors	768,363	151,150
<b>Net cash inflow from operating activities</b>	<b>4,453,143</b>	<b>3,910,001</b>

**Moorcroft Group Public Limited Company**  
Registered number 1704109

**Notes to the consolidated financial statements for the year ended 31 July 2020 (continued)**

**17 Financial commitments**

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

	<b>Land and Buildings 2020 £</b>	<b>Land and Buildings 2019 £</b>	<b>Plant and Machinery 2020 £</b>	<b>Plant and Machinery 2019 £</b>
<b>Payments due</b>				
Not later than one year	198,448	260,350	17,934	17,934
Later than one year and not later than five years	330,449	301,783	31,384	49,318
	<b>528,897</b>	<b>562,133</b>	<b>49,318</b>	<b>67,252</b>

**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.

**19 Related party transactions**

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

The Group paid operating lease rentals of £290,515 (2019: £283,600) in the year to the Group's pension fund in respect of the Spring Gardens, Bredbury and John Street properties.

On 05 December 2018 the company sold a motor car to A J McRoberts for a third party valuation of £5,750.

<b>Dividends paid by Moorcroft Group Public Limited Company and received in a beneficial capacity by:</b>	<b>2020 £</b>	<b>2019 £</b>
Directors of Moorcroft Group Public Limited Company	4,000,000	4,500,000

**Moorcroft Group Public Limited Company**  
Registered number 1704109

**Notes to the consolidated financial statements for the year ended 31 July 2020 (continued)**

**20 Directors' loans**

During the year loans were maintained with the directors of the Group to the Group. 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 2020 £	Maximum Liability during year 2019 £	2020 £	2019 £
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 6.35%, and interest payable of £293,942 (2019: £283,500) for the year is included within the results for the year (note 6). Of this interest charge £49,297 (2019: £71,457) was unpaid at the year end, and is included within accruals. This accrual represents £16,432 (2019: £23,819) for each individual director. The loans are repayable on demand.