

The Crucible Debt Purchase Company Limited

Directors' report and financial statements

Registered number 5316613

30 September 2007

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2007

Principal activities

The principal activity of the Company throughout the year was the collection of purchased third party debt

Business review

The Company achieved revenues of £391,658 for the year (2006 £514,919) and profits before taxation of £177,447 (2006 £203,025)

Dividend

No dividends were declared or paid during the year (2006 £nil)

Directors

The directors who held office during the year were as follows

D M Leach
W H Pierce
D Kearns (appointed 2 April 2007, resigned 13 December 2007)
M S Beckles (resigned 2 April 2007)
S Dunne (appointed 20 February 2008)
G Casey
N Bridle (resigned 9 February 2007)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution to reappoint KPMG LLP as auditors to the company is to be put to the members at the forthcoming Annual General Meeting

By order of the board



W H Pierce
Director

Capella Court
Brighton Road
Purley
Surrey
CR8 2PG

30th July 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions



KPMG LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Independent auditors' report to the members of The Crucible Debt Purchase Company Limited

We have audited the financial statements of The Crucible Debt Purchase Company Limited for the year ended 30 September 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of The Crucible Debt Purchase Company Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

31 July 2008

Profit and loss account
for the year ended 30 September 2007

	<i>Note</i>	2007 £	2006 £
Turnover	<i>1</i>	391,658	514 919
Cost of sales		(155,746)	(238 205)
		<hr/>	<hr/>
Gross profit		235,912	276 714
Administrative expenses		(67,520)	(67 162)
		<hr/>	<hr/>
Operating profit		168,392	209,552
Interest receivable	<i>4</i>	21,949	6 920
Interest payable	<i>5</i>	(12,894)	(13 447)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2</i>	177,447	203 025
Tax on profit on ordinary activities	<i>6</i>	(48,049)	(66 788)
		<hr/>	<hr/>
Retained profit for the financial year	<i>11</i>	129,398	136 237
		<hr/>	<hr/>

The company has no recognised gains or losses other than the profit in the current and previous financial year

All of the above activities are continuing

Balance sheet
at 30 September 2007

	<i>Note</i>	2007 £	2006 £
Current assets			
Debtors	7	126,577	130,672
Cash at bank		488,877	382,649
		<u>615,454</u>	<u>513,321</u>
Creditors amounts falling due within one year	8	(76,779)	(103,794)
Net current assets		<u>538,675</u>	<u>409,527</u>
Creditors amounts falling due after more than one year	9	(130,756)	(130,756)
Net assets		<u>407,919</u>	<u>278,771</u>
Capital and reserves			
Called up share capital	10	4,750	5,000
Profit and loss account	11	403,169	273,771
Shareholders' funds	12	<u>407,919</u>	<u>278,771</u>

These financial statements were approved by the board of directors on 30th July 2008 and were signed on its behalf by



W H Pierce
 Director

Cash flow statement
for the year ended 30 September 2007

	<i>Note</i>	2007 £	2006 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		168,392	209,552
Decrease in debtors		5,965	265,738
(Decrease)/increase in creditors		(17,924)	17,501
Net cash inflow from operating activities		<u>156,433</u>	<u>492,791</u>
Cash flow statement			
Cash flow from operating activities	14	156,433	492,791
Returns on investment and servicing of finance		7,185	(6,527)
Taxation paid		(57,140)	(42,755)
Cash inflow before financing		<u>106,478</u>	<u>443,509</u>
Financing	14	(250)	(84,136)
Increase in cash in the year		<u>106,228</u>	<u>359,373</u>
Reconciliation of net cash flow movement in debt			
Increase in cash in the year	15	106,228	359,373
Bank loans repaid	15	-	84,136
Movement in net debt in the year	15	<u>106,228</u>	<u>443,509</u>
Net debt at the start of the year		<u>251,893</u>	<u>(191,616)</u>
Net cash/(debt) at the end of the year		<u>358,121</u>	<u>251,893</u>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Purchased third party trade debt

Consumer debts purchased from third party financial institutions are included in trade debtors at cost and amortised to the profit and loss account based on cash receipts to date against expected total receipts over the total period of debt collection

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents cash receipts relating to purchased third party debt and is recognised when cash is received

2 Profit on ordinary activities before taxation

	2007 £	2006 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration – audit of these financial statements	4,200	3 000

3 Remuneration of directors and staff numbers

The directors did not receive any emoluments from the company during the year (2006 £nil) The Company does not employ any staff (2006 nil)

Notes (continued)

4 Interest receivable

	2007 £	2006 £
Interest receivable	21,949	6 920

5 Interest payable and similar charges

	2007 £	2006 £
Bank and loan note interest payable	12,431	12,933
Bank charges	463	514
	12,894	13 447

6 Taxation

	2007 £	2006 £
<i>UK corporation tax</i>		
Current tax on income for the year	48,049	56 179
Adjustment in respect of the prior period	-	10,609
	48,049	66,788

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2006 higher) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

Current tax reconciliation	2007 £	2006 £
Profit on ordinary activities before tax	177,447	203,025
Current tax at 30% (2006 30%)	53,234	60,908
Small companies marginal relief	(5,185)	(4,729)
Adjustment in respect of prior periods	-	10,609
Total current tax charge (see above)	48,049	66,788

7 Debtors

	2007 £	2006 £
Third party trade debt	98,694	126,228
VAT recoverable	3,822	3,817
Other debtors and prepayments	24,061	627
	126,577	130,672

8 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	-	2,432
Amounts due to related parties	9,587	20,475
Accruals and deferred income	8,463	13,067
Corporation tax	58,729	67,820
	76,779	103,794

Notes (continued)

9 Creditors: amounts falling due after one year

	2007 £	2006 £
Fixed rate secured loan stock 2010	130,756	130,756
	<u>130,756</u>	<u>130,756</u>
Analysis of debt:		
	2007 £	2006 £
Debt can be analysed as falling due		
Between two and five years	130,756	130,756
	<u>130,756</u>	<u>130,756</u>

The fixed rate secured loan stock held by ISIS EP LLP and management is secured on the company's assets and bears interest at 9% per annum

10 Called up share capital

	2007 £	2006 £
Authorised		
1,564,000 Ordinary shares of 0.1p each	1,564	1,564
1,750,000 A Ordinary shares of 0.1p each	1,750	1,750
1,686,000 B Ordinary shares of 0.1p each	1,686	1,686
	<u>5,000</u>	<u>5,000</u>
	2007 £	2006 £
Allotted, called up and fully paid		
1,314,000 (2006: 1,564,000) Ordinary shares of 0.1p each	1,314	1,564
1,750,000 A Ordinary shares of 0.1p each	1,750	1,750
1,686,000 B Ordinary shares of 0.1p each	1,686	1,686
	<u>4,750</u>	<u>5,000</u>

All equity shares have equal rights

During the year the company repurchased 250,000 0.1p ordinary shares for a cash consideration of £250

Notes (continued)

11 Profit and loss account

	2007 £	2006 £
At beginning of year	273,771	137,534
Profit for the period	129,398	136,237
At end of year	<u>403,169</u>	<u>273,771</u>

12 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
At beginning of the year	278,771	142,534
Purchase of own shares	(250)	-
Retained profit for the period	129,398	136,237
At end of the year	<u>407,919</u>	<u>278,771</u>

13 Related party disclosures

The company is affiliated to Credit Solutions Limited by way of common shareholders with the parent company of that business, Credit Solutions Holdings Limited. During the year, Credit Solutions Limited charged £120,078 (2006 £136,359) for management services and commissions on debts collected. At the year end £9,587 (2006 £20,475) of supplier liabilities were owed to Credit Solutions Limited.

The company repurchased 250,000 of ordinary 0.1p shares from N. Bridle after his resignation as a director for a cash consideration of £250.

14 Analysis of cash flows

	£	2006 £
Returns on investment and servicing of finance		
Interest receivable	20,079	6,920
Interest payable	(12,894)	(13,447)
	<u>7,185</u>	<u>(6,527)</u>
Financing		
Share capital buy back	(250)	-
Bank loan repayment	-	(84,136)
	<u>(250)</u>	<u>(84,136)</u>

Notes (continued)

15 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash at bank	382,649	106 228	488,877
Loan stock due after one year	(130 756)	-	(130,756)
	<hr/>	<hr/>	<hr/>
Net debt	251,893	106 228	358,121
	<hr/>	<hr/>	<hr/>