Grant Thornton

Financial Statements Response Credit Management Limited

For the year ended 30 June 2011

Company No. SC310139

Company information

Company registration number	SC310139
Registered office	10 Charlotte Square Edinburgh EH2 4DR
Directors	Sir David E Murray M S McGill
Secretary	D W M Horne
Bankers	Bank of Scotland 300 Lawnmarket Edinburgh EH1 2PH
Solicitors	Gateley (Scotland) LLP Exchange Tower 19 Canning Street Edinburgh EH3 8EH
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 95 Bothwell Street Glasgow G2 7JZ

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Report of the directors

The directors present their report and the audited financial statements of the company for the year ended 30 June 2011.

Principal activities and business review

The principal activity of the company is the provision of credit management, trace and asset re-unification services.

Credit management services no longer formed part of the Murray Outsourcing long term strategic plans and as a result of this decision, the directors and management are currently in the process of ceasing the trading of this company.

The profit for the year, after taxation, amounted to £4,817 (30 June 2010 – loss of £689,043). No dividend was paid during the year.

Directors

The directors who served the company during the year were as follows:

Sir David E Murray
M S McGill
J D G Wilson (resigned 21 March 2012)
K M Geddes (resigned 11 August 2011)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Laws). 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 adequate accounting records that are sufficient to show and explain the group's transactions and disclosure with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors (continued)

Directors' responsibilities (continued)

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD

M S McGill
Director

27 March 2012

Report of the independent auditor to the members of Response Credit Management Limited

We have audited the financial statements of Response Credit Management Limited for the year ended 30 June 2011 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the year then ended 30 June 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Report of the independent auditor to the members of Response Credit Management Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the report of the directors in accordance with the small companies regime.

Grant Thornton UK LLP

Andrew Howie
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

28 March 2012

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The principal accounting policies of the company are set out below.

Going concern

As discussed within the Report of the directors, the operations of this company no longer form part of the Murray Outsourcing long term plans. As a result, there is a significant reduction in trading as the directors have not been seeking new work. It is anticipated that over the next year the sales and costs will reduce accordingly. At the present time the company is supported by the Murray Outsourcing group and accordingly the directors have adopted the going concern basis of accounting.

Cash flow statement

The company has adopted the Financial Reporting Standard for Smaller Entities (effective April 2008) and is consequently exempt from the requirement to include a cash flow statement in the financial statements.

Turnover

Turnover is the total amount earned by the company for services provided, (excluding VAT and trade discounts) during the year.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the accounts of the surrendering undertakings.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2011 £	2010 £
Turnover	1	8,549	431,118
Cost of sales		(5,852)	(657,737)
Gross profit/(loss)		2,697	(226,619)
Other operating income/(charges)	2	2,120	(410,582)
Operating profit/(loss)	3	4,817	(637,201)
Redundancy and termination costs		-	(62,829)
Interest receivable		-	523
Interest payable	5	-	(8,871)
Profit/(loss) on ordinary activities before taxation		4,817	(708,378)
Tax on profit/(loss) on ordinary activities	6	-	19,335
Profit/(loss) for the financial period	17	4,817	(689,043)

The company has no recognised gains or losses other than the results for the year as set out above.

Balance Sheet

	Note	30 June 2011 £	30 June 2010 £
Current assets			
Debtors	7	23,286	55,487
Cash at bank		-	37,237
		23,286	92,724
Creditors: amounts falling due within one year	8	(627)	(49,998)
Net current assets		22,659	42,726
Total assets less current liabilities		22,659	42,726
Creditors: amounts falling due after more than one year	9	(1,657,690)	(1,682,574)
Net liabilities		(1,635,031)	(1,639,848)
Capital and reserves			
Called-up share capital	15	100	100
Profit and loss account	16	(1,635,131)	(1,639,948)
Shareholders' deficit	17	(1,635,031)	(1,639,848)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 27 March 2012, and are signed on their behalf by:

M S McGill
Director

Company No. SC310139

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2011 £	2010 £
United Kingdom	8,549	431,118

2 Other operating income / (charges)

	2011 £	2010 £
Administrative income/(expenses)	2,120	(410,582)

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2011 £	2010 £
Depreciation of owned fixed assets	-	11,971

Audit fees are fully borne and disclosed within the parent company Response (Building Rewarding Relationships) Limited.

4 Staff costs

The average number of persons employed by the company during the financial year, including the directors, amounted to nil (2010 - 27).

The aggregate payroll costs of the above were:

	2011 £	2010 £
Wages and salaries	-	467,155
Social security costs	-	45,404
Other pension costs	-	1,610
Redundancy costs	-	44,229
	-	558,398

No directors received remuneration from the company during the year (2010 - £nil).

Notes to the financial statements (continued)

5 Interest payable and similar charges

	2011 £	2010 £
Interest payable on bank borrowing	-	8,871

6 Taxation on ordinary activities

(a) Analysis of charge/(credit) in the year

	2011 £	2010 £
Current tax:		
In respect of the year:		
Prior year	-	(19,335)
Total current tax	-	(19,335)
Tax on loss on ordinary activities	-	(19,335)

(b) Factors affecting current tax charge/(credit)

The tax assessed on the profit/(loss) on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 27.5% (2010 – 28%)

	2011 £	2010 £
Profit/(loss) on ordinary activities before taxation	4,817	(708,378)
Profit/(loss) on ordinary activities by rate of tax 27.5% (2010 – 28%)	1,325	(198,346)
Capital allowances in excess of depreciation	(20,680)	-
Expenses not deductible for tax purposes	-	560
Adjustments to tax charge in respect of prior periods	-	(19,335)
Depreciation in excess of capital allowances	(688)	19,586
Group relief surrendered for nil payment	20,043	-
Unrelieved tax losses and other deductions	-	178,200
Total current tax (note 6(a))	-	(19,335)

Notes to the financial statements (continued)

7 Debtors

	2011	2010
	£	£
Trade debtors	-	26,477
Amounts owed by group undertakings	23,286	23,286
Other debtors	-	5,466
Prepayments and accrued income	-	258
	23,286	55,487

8 Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	-	4,194
Accruals and deferred income	-	23,530
Other creditors	627	22,274
	627	49,998

The bank overdraft is secured by bonds and floating charges over the company's assets.

9 Creditors: amounts falling due after more than one year

	2011	2010
	£	£
Amounts owed to group undertakings	1,657,690	1,682,574

10 Deferred taxation

There is an unrecognised deferred tax asset of £165,406 based on unrelieved tax losses carried forward.

11 Pension costs

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

12 Capital commitments

The company had no contracted capital commitments as at 30 June 2011 or 30 June 2010.

Notes to the financial statements (continued)

13 Contingent liabilities

(a) A banking restructure within Murray Group took place on the 21st of April 2010 resulting in Response Credit Management Limited becoming part of the Group's Outsourcing Division. This resulted in the Murray Outsourcing Division having its own bank facility and no longer guaranteeing the bank borrowings of its ultimate holding company and fellow subsidiaries. However the companies in the Murray Outsourcing Division do cross guarantee the bank indebtedness within that sub-group. The total contingent liability as at 30 June 2011 for Response Credit Management Limited is £9,542,959 (30 June 2010 - £9,370,176).

(b) The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group and failure by other members of the group would give rise to additional liabilities for the company. The directors are of the opinion that no liability is likely to arise from the failure of those companies.

14 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from the requirement to report transactions within the group on the grounds that 100% of the voting rights of the company are controlled within the group and consolidated financial statements, which include the company, are publicly available.

15 Share capital

Allotted, called up and fully paid:

	30 June 2011		30 June 2010	
	No	£	No	£
	100	100	100	100

16 Profit and loss account

	2011	2010
	£	£
Balance brought forward	(1,639,948)	(950,905)
Profit/(loss) for the financial year	4,817	(689,043)
Balance carried forward	(1,635,131)	(1,639,948)

Notes to the financial statements (continued)

17 Reconciliation of movements in shareholder's deficit

	2011 £	2010 £
Profit/(loss) for the financial year	**4,817**	(689,043)
Net increase/(decrease) to shareholders' deficit	**4,817**	(689,043)
Opening shareholders' deficit	**(1,639,848)**	(950,805)
Closing shareholders' deficit	**(1,635,031)**	(1,639,848)

18 Parent undertakings

The company's immediate parent undertaking is Response (Building Rewarding Relationships) Limited, which is registered in Scotland. The ultimate holding company is Murray International Holdings Limited, which is also registered in Scotland.

The smallest group in which the results of the company are consolidated is that headed by the immediate parent undertaking, Response (Building Rewarding Relationships) Limited. The largest group in which the results of the company are consolidated is that headed by the ultimate holding company, Murray International Holdings Limited. Copies of these financial statements are available at 10 Charlotte Square, Edinburgh, EH2 4DR.

19 Ultimate controlling related party

Sir David E Murray, a director of the ultimate holding company, and members of his close family control the company as a result of controlling directly or indirectly 70% (30 June 2010 – 76%) of the issued share capital of the ultimate holding company.