Grant Thornton

Financial Statements Response Credit Management Limited

For the year ended 30 June 2010

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COMPANIES HOUSE

Company No. SC310139

Company information

Company registration number	SC310139
Registered office	9 Charlotte Square Edinburgh EH2 4DR
Directors	Sir David E Murray M S McGill J D G Wilson K M Geddes
Secretary	D W M Horne
Bankers	Bank of Scotland 4th Floor New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN
Solicitors	Dundas and Wilson CS Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
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 2010.

Principal activities and business review

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

During the year the decision was made that credit management services no longer formed part of the Murray Outsourcing long term strategic plans. As a result of this decision, the directors and management are currently in the process of ceasing the trading of this company.

The loss for the year, after taxation, amounted to £689,043 (2009 – loss of £773,500). 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
K M Geddes

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 Accounting Standards (United Kingdom 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 year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the directors (continued)

Directors' responsibilities (continued)

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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

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

D W M Horne
Secretary

22 October 2010

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 2010 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 page 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/UKNP.

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 2010 and of its loss for the year then ended;
- 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

25 October 2010

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.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office furniture & equipment - (20% - 33%) straight line

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	12 months to 30 June 2010 £	17 months to 30 June 2009 £
Turnover	1	**431,118**	957,342
Cost of sales		**(657,737)**	(1,313,849)
Gross profit		**(226,619)**	(356,507)
Other operating charges	2	**(410,582)**	(667,984)
Operating loss	3	**(637,201)**	(1,024,491)
Redundancy and termination costs		**(62,829)**	-
Interest receivable		**523**	3,143
Interest payable	6	**(8,871)**	(25,381)
Loss on ordinary activities before taxation		**(708,378)**	(1,046,729)
Tax on loss on ordinary activities	7	**19,335**	273,229
Loss for the financial period	18	**(689,043)**	(773,500)

All of the activities of the company are classed as continuing.

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

Balance Sheet

	Note	30 June 2010 £	30 June 2009 £
Fixed assets			
Tangible assets	8	-	62,951
Current assets			
Debtors	9	**55,487**	215,765
Cash at bank		**37,237**	262,354
		92,724	478,119
Creditors: amounts falling due within one year	10	**(49,998)**	(1,491,875)
Net current assets/(liabilities)		**42,726**	(1,013,756)
Total assets less current liabilities		**42,726**	(950,805)
Creditors: amounts falling due after more than one year	11	**(1,682,574)**	-
Provisions for liabilities			
Deferred taxation	12	-	-
Net liabilities		**(1,639,848)**	(950,805)
Capital and reserves			
Called-up share capital	17	**100**	100
Profit and loss account	18	**(1,639,948)**	(950,905)
Shareholders' deficit	19	**(1,639,848)**	(950,805)

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 22 October 2010, and are signed on their behalf by:

M S McGill
Director

Company No. SC310139

The accompanying accounting policies and notes form part of these financial statements.

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:

	12 months to 30 June 2010	17 months to 30 June 2009
	£	£
United Kingdom	**431,118**	957,342

2 Other operating charges

	12 months to 30 June 2010	17 months to 30 June 2009
	£	£
Administrative expenses	**410,582**	667,984

3 Operating loss

Operating profit is stated after charging:

	12 months to 30 June 2010	17 months to 30 June 2009
	£	£
Depreciation of owned fixed assets	**11,971**	18,305

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

Notes to the financial statements (continued)

4 Staff costs

The average number of persons employed by the company during the financial year, including the directors, amounted to 27 (2009 - 41).

The aggregate payroll costs of the above were:

	12 months to 30 June 2010 £	17 months to 30 June 2009 £
Wages and salaries	**467,155**	1,078,840
Social security costs	**45,404**	96,515
Other pension costs	**1,610**	14,225
Redundancy costs	**44,229**	-
	558,398	1,189,580

5 Directors emoluments

Remuneration in respect of directors was as follows:

	12 months to 30 June 2010 £	17 months to 30 June 2009 £
Emoluments	**-**	182,869
	-	182,869

The number of directors to whom retirement benefits were accruing was as follows:

	No	No
Money purchase schemes	**-**	1

6 Interest payable and similar charges

	12 months to 30 June 2010 £	17 months to 30 June 2009 £
Interest payable on bank borrowing	**8,871**	25,381
	8,871	25,381

Notes to the financial statements (continued)

7 Taxation on ordinary activities

(a) Analysis of credit in the year

	12 months to 30 June 2010	17 months to 30 June 2009
	£	£
Current tax:		
In respect of the year:		
Prior year	**(19,335)**	-
Group relief	**-**	(269,573)
Total current tax	**(19,335)**	(269,573)
Deferred tax:		
Origination and reversal of timing differences	**-**	(3,656)
Tax on loss on ordinary activities	**(19,335)**	(273,229)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 28%.

	12 months to 30 June 2010	17 months to 30 June 2009
	£	£
Loss on ordinary activities before taxation	**(708,378)**	(1,046,729)
Loss on ordinary activities by rate of tax	**(198,346)**	(295,493)
Expenses not deductible for tax purposes	**560**	711
Adjustments to tax charge in respect of prior periods	**(19,335)**	-
Capital allowances for period in excess of depreciation	**-**	(94)
Depreciation in excess of capital allowances	**19,586**	-
Other short term timing differences	**-**	706
Unrelieved tax losses and other deductions	**178,200**	24,597
Total current tax (note 7(a))	**(19,335)**	(269,573)

Notes to the financial statements (continued)

8 Tangible fixed assets

	Office furniture & equipment £
Cost	
At 31 June 2009	81,369
Additions	7,000
Disposals	(88,369)
At 31 June 2010	-
Depreciation	
At 1 July 2009	18,418
Charge for the year	11,971
Depreciation on disposal	(30,389)
At 31 June 2010	-
Net book value	
At 30 June 2010	-
At 30 June 2009	62,951

9 Debtors

	30June 2010 £	30 June 2009 £
Trade debtors	26,477	115,058
Amounts owed by group undertakings	23,286	66,891
Other debtors	5,466	7,118
Prepayments and accrued income	258	26,698
	55,487	215,765

Notes to the financial statements (continued)

10 Creditors: amounts falling due within one year

	30June 2010 £	30 June 2009 £
Bank overdraft	-	846,154
Trade creditors	4,194	33,073
Amounts owed to group undertakings	-	524,759
Other taxation and social security	-	4,748
Accruals and deferred income	23,530	34,885
Other creditors	22,274	48,256
	49,998	1,491,875

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

11 Creditors: amounts falling due after more than one year

Amounts owed to group undertakings	1,682,574	-

12 Deferred taxation

The movement in the deferred taxation account during the year was:

	30June 2010 £	30 June 2009 £
Balance brought forward	-	3,656
Profit and loss account movement arising during the year	-	(3,656)
Balance carried forward	-	-

There are unrecognised deferred tax asset of £199,956 based on unrelieved tax losses carried forward.

13 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.

14 Capital commitments

The company had no contracted capital commitments as at 30 June 2010 or 30 June 2009.

Notes to the financial statements (continued)

15 Contingent liabilities

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 long guaranteeing the bank borrowings of its ultimate holding company and fellow subsidiaries. The total contingent liability as at 30 June 2010 for Response Credit Management Limited is £9,370,196.

The company previously guaranteed bank borrowings of its ultimate holding company and certain fellow subsidiary undertakings. The total contingency at 17 months to 30 June 2009 - £448,043,462.

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.

16 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.

17 Share capital

Authorised share capital:

	30June 2010 £	30 June 2009 £
1,000 ordinary shares of £1 each	**1,000**	1,000

Allotted, called up and fully paid:

	30 June 2010		30 June 2009	
	No	**£**	No	£
	100	**100**	100	100

18 Profit and loss account

	30June 2010 £	30 June 2009 £
Balance brought forward	**(950,905)**	(177,405)
Loss for the financial year	**(689,043)**	(773,500)
Balance carried forward	**(1,639,948)**	(950,905)

Notes to the financial statements (continued)

19 Reconciliation of movements in shareholder's deficit

	30June 2010 £	30 June 2009 £
Share capital issued in year	-	-
Loss for the financial year	**(689,043)**	(773,500)
Net increase to shareholders' deficit	**(689,043)**	(773,500)
Opening shareholders' deficit	**(950,805)**	(177,305)
Closing shareholders' deficit	**(1,639,848)**	(950,805)

20 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 9 Charlotte Square, Edinburgh, EH2 4DR.

21 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 76% (2009 – 88%) of the issued share capital of the ultimate holding company.