

Moorcroft Group Public Limited Company

Annual report and consolidated financial statements
for the year ended 31 July 2022

Registered number 1704109

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Moorcroft Group Public Limited Company
Annual report and consolidated financial statements
for the year ended 31 July 2022

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Moorcroft Group Public Limited Company

Registered number 1704109

Directors and advisors for the year ended 31 July 2022

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
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 2022

The directors present their Strategic Report for Moorcroft Group Public Limited Company (group) and company for the year ended 31 July 2022.

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 first half of the year continued to be impacted by the COVID-19 pandemic. Work flows were again affected with volume of referrals from some clients lower than they were historically. In addition our working practices were disrupted with many staff being required to work from home for extended periods. The company did not utilise the “furlough” system within the period.

2022 has seen more of a return to normality with a return to fully office based working for virtually all Moorcroft staff.

Overall work volumes from historical clients have still not returned to the pre-pandemic level and this trend coupled with higher incidence of debt sale has led the company to diversify into new markets such as commercial debt collection and increased exposure to Government debt.

We remain confident that the future prospects of the business remains strong. We are however mindful of the cost of living crisis and continue to monitor its effect on existing customers and volumes of work.

As at 31 July 2022 the group had net assets of £16,285,047 (2021: £15,917,815). The profit for the financial year ended 31 July 2022 was £3,867,232 (2021: £4,691,011).

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 with all relevant legislation and Financial Conduct Authority (FCA) regulations;
- Potential costs of non-compliance with all relevant legislation and FCA regulations; and
- External economic factors (including the cost of living crisis) 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.

Moorcroft Group Public Limited Company

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Strategic Report for the year ended 31 July 2022 (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, credit risk and climate change risk. The group is also exposed to risks associated with the wider economy as these can impact customer's ability to make payments and so the group's ability to earn income.

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. Where clients deviate from traditional commission structures we will review the alternative model (e.g. fixed fees) to ensure that the company is adequately compensated.

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 behavior due to the pandemic. We are also exposed to macro-economic factors that will impact customers' ability to repay their accounts.

Liquidity risk

The group has identified liquidity risk as the risk that the company will not have enough cash to meet its financial obligations (pay its debts) on time. The group produces cash flow forecasts to ensure the short to medium term liquidity is fully funded and the level of balances at the banks are monitored on a daily basis.

Climate change risk

The group regularly assesses the risk that climate change poses to our operation. This includes assessments for flood risks and other environmental impacts of climate change. Due to the market place that the group operates in, and the position of our offices, the current perceived risk level is low.

Key performance indicators

Revenue shows an overall year on year decrease of 3.9% from £30,743,416 in 2021 to £29,547,287 in 2022. Profit for the financial year has decreased by 17.6% from £4,691,011 in 2021 to £3,867,232 in 2022.

Moorcroft Group Public Limited Company

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Strategic Report for the year ended 31 July 2022 (continued)

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; and
- the desirability of the group maintaining a reputation for high standards of business conduct.

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, including shareholders, employees, our regulator and clients, 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.

Engagement in action

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

Assessment of Training Needs

All staff are required to complete training tailored for their roles annually. The training is mainly conducted internally and utilizes our in house training intranet. Training contents are reviewed at least annually and during the year have for example been enhanced to incorporate the Senior Managers and Certification Regime.

Key Strategic Decisions

Quarterly Board meetings include input from other internal committees that form part of our Governance Framework. During the year a number of key decisions were required based on this input, these included:

- Changes to working practices due to the on-going pandemic.
- Investment in significant IT and infrastructure plans.
- Acceptance of new work types (e.g. commercial cases) and new customers.

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. The group also maintains accreditation under Investors in People. Amongst other things this requires us to maintain numerous channels for employee communication.

Moorcroft Group Public Limited Company

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Strategic Report for the year ended 31 July 2022 (continued)

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.

Ethics, Risks and Employee Matters

The Board have a number of policies outlining our approach to Ethics, Risks and Employee matters including:

- Business Ethics and Conflicts of Interest Policy
- Whistleblowing Policy
- Corporate Responsibility Policy

All are reviewed at least annually and must be read by all staff members.

Emission and energy use

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


	Year Ended 31 December 2021	Year Ended 31 December 2020
Carbon Dioxide Emissions in tonnes	201.3	210.0
Carbon Dioxide Emissions in tonnes per FTE	0.44	0.45
Energy consumption in KWH	829,848	614,756

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 equates to 74.3% 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 18 November 2022 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 2022

The directors present their audited annual report and consolidated financial statements of the group and company for the year ended 31 July 2022.

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 2022 was £3,867,232 (2021: £4,691,011).

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

	2022 £ per share	2022 £	2021 £ per share	2021 £
Interim paid 20 December 2021 (2021: 10 December 2020)	26.67	2,000,000	26.67	2,000,000
Final paid 6 May 2022 (2021: 29 April 2021)	20.00	1,500,000	26.67	2,000,000
Total dividend paid	46.67	3,500,000	53.33	4,000,000

After payment of the dividends, the accumulated profit for the financial year of £367,232 (2021: £691,011 profit) was 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 2022 were 41 days (2021: 46 days).

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Directors' Report for the year ended 31 July 2022 (continued)

Financial risk management

Details on financial risk are provided in the strategic report on page 3.

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 and political donations

The group donated £nil (2021: £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 in respect of the financial statements

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

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Directors' Report for the year ended 31 July 2022 (continued)

Directors' confirmations

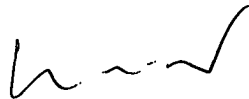
In the case of each director in office at the date the Directors' Report is approved:

- 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 18 November 2022 and signed on its order by:



A J McRoberts
Company secretary

Moorcroft Group Public Limited Company

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

Report on the audit of the financial statements

Opinion

In our opinion, Moorcroft Group Public Limited Company's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2022 and of the group's profit and the group's 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, which comprise: the group and company balance sheets as at 31 July 2022; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the group and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Moorcroft Group Public Limited Company

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, 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.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to rules of the Financial Conduct Authority ("FCA") and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and Financial Services and Markets Act 2000 (FSMA). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiring with management and, where appropriate, those charged with governance;
- review of Board meeting minutes;
- identifying and testing journal entries meeting specific fraud criteria, including unusual account combinations in the journal posted and journals posted with unusual descriptions;
- performing testing using historic data and alternative scenarios to validate significant assumptions within material accounting estimates;
- review of correspondence with the regulators, in particular the FCA; and
- reviewing the financial statement disclosures and agreeing them to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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.

Moorcroft Group Public Limited Company

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.

Jennifer Hale

Jennifer Hale (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

18 November 2022

Moorcroft Group Public Limited Company

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Consolidated statement of comprehensive income for the year ended 31 July 2022

	Note	2022 £	2021 £
Revenue			
Income from commissions revenue		26,781,948	27,665,031
Income from purchased loan portfolios		2,765,339	3,078,385
Total Revenue	2	29,547,287	30,743,416
Other Income		-	328,311
Administrative expenses		(24,633,710)	(25,280,034)
Operating profit	5	4,913,577	5,791,693
Interest receivable and similar income		7,671	2,650
Interest payable and similar expenses	6	(284,528)	(266,700)
Profit before taxation		4,636,720	5,527,643
Tax on profit	7	(769,488)	(836,632)
Profit for the financial year		3,867,232	4,691,011
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		3,867,232	4,691,011

The above results relate to continuing operations.

The accounting policies and notes on pages 17 to 29 form part of these financial statements.

Moorcroft Group Public Limited Company

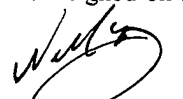
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Balance sheets as at 31 July 2022

		Group		Company	
	Note	2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible assets	9	2,565,617	3,137,711	2,565,617	3,137,711
Investments	10	-	-	114	114
		2,565,617	3,137,711	2,565,731	3,137,825
Current assets					
Purchased loan portfolios	11	4,078,173	5,576,801	-	-
Debtors	12	4,266,004	4,406,724	3,848,132	6,381,714
Cash at bank and in hand		18,124,699	17,513,457	750,802	506,397
		26,468,876	27,496,982	4,598,934	6,888,111
Creditors: amounts falling due within one year	13	(12,749,446)	(14,716,878)	(6,192,613)	(9,092,262)
Net current assets/(liabilities)		13,719,430	12,780,104	(1,593,679)	(2,204,151)
Total assets less current liabilities		16,285,047	15,917,815	972,052	933,674
Net assets		16,285,047	15,917,815	972,052	933,674
Capital and reserves					
Called up share capital	15	75,000	75,000	75,000	75,000
Other reserves		49,900	49,900	-	-
Profit and loss account		16,160,147	15,792,915	897,052	858,674
Total shareholders' funds		16,285,047	15,917,815	972,052	933,674

The profit for the financial year of the company was £3,538,378 (2021: £4,068,578).

The financial statements on pages 13 to 29 were approved by the Board of directors on 18 November 2022 and were signed on its behalf by:


NG McRoberts
 Director

Moorcroft Group Public Limited Company

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Statements of Changes in Equity for the year ended 31 July 2022

Group	Note	Called up Share Capital £	Other Reserves £	Profit and loss account £	Total Shareholders' Funds £
Balance as at 1 August 2020	15	75,000	49,900	15,101,904	15,226,804
Profit and total comprehensive income for the financial year		-	-	4,691,011	4,691,011
Dividends	8	-	-	(4,000,000)	(4,000,000)
Balance as at 31 July 2021	15	75,000	49,900	15,792,915	15,917,815
Profit and total comprehensive income for the financial year		-	-	3,867,232	3,867,232
Dividends	8	-	-	(3,500,000)	(3,500,000)
Balance as at 31 July 2022	15	75,000	49,900	16,160,147	16,285,047

Company	Note	Called up Share Capital £	Profit and loss account £	Total Shareholders' Funds £
Balance as at 1 August 2020	15	75,000	790,096	865,096
Profit and total comprehensive income for the financial year		-	4,068,578	4,068,578
Dividends	8	-	(4,000,000)	(4,000,000)
Balance as at 31 July 2021	15	75,000	858,674	933,674
Profit and total comprehensive income for the financial year		-	3,538,378	3,538,378
Dividends	8	-	(3,500,000)	(3,500,000)
Balance as at 31 July 2022	15	75,000	897,052	972,052

Moorcroft Group Public Limited Company

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Consolidated statement of cash flows for the year ended 31 July 2022

	Note	2022 £	2021 £
Net cash inflow from operating activities	16	1,339,739	3,695,104
Taxation Paid		(900,000)	(785,571)
Net cash generated from operating activities		439,739	2,909,533
Cash flows from investing activities			
Purchased loan portfolios acquired		(771,337)	(994,579)
Purchased loan portfolios cash collections		5,035,304	6,098,079
Purchase of tangible assets		(374,907)	(2,563,499)
Sale of fixed assets		59,300	75,600
Interest received		7,671	2,650
Net Cash generated from investing activities		3,956,031	2,618,251
Cash flows from financing activities			
Equity dividends paid to shareholders		(3,500,000)	(4,000,000)
Interest paid		(284,528)	(266,700)
Net Cash used in financing activities		(3,784,528)	(4,266,700)
Net increase in cash and cash equivalents		611,242	1,261,084
[^] Cash and Cash equivalents at the beginning of the year		17,513,457	16,252,373
Cash and Cash equivalents at the end of the year		18,124,699	17,513,457

Moorcroft Group Public Limited Company

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Notes to the consolidated financial statements for the year ended 31 July 2022

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.

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, in line with the liquidity risk identified on page 5, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. These forecasts included both base and reasonable downside scenarios. The group and company therefore continue 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 2022. 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.

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Notes to the consolidated financial statements for the year ended 31 July 2022 (continued)

1 Accounting Policies (continued)

(c) Revenue (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	20 & 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.

Moorcroft Group Public Limited Company

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Notes to the consolidated financial statements for the year ended 31 July 2022 (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.
- ii) The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

(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 £6,199,349 (2021:£5,063,713) 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.

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Notes to the consolidated financial statements for the year ended 31 July 2022 (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.

The valuation of the bought debt portfolios is sensitive to changes in the behavioural life of the portfolio. For example, an increase of 1 year in the behavioural life across all portfolios would result in the asset increasing by £401,001 (2021: £273,188).

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.

	2022 £	2021 £
Income from commissions revenue	26,781,948	27,665,031
Income from purchased loan portfolios	2,765,339	3,078,385
Total revenue	29,547,287	30,743,416

3 Directors' emoluments

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

	2022 £	2021 £
Aggregate emoluments	2,020,297	2,392,975
	2,020,297	2,392,975
Highest paid director		
Aggregate emoluments	538,739	663,350
Company pension contributions	-	-
	538,739	663,350

Retirement benefits are accruing to 4 (2021: 4) directors under a money purchase scheme.

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Notes to the consolidated financial statements for the year ended 31 July 2022 (continued)

4 Employee information

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

	2022 Number	2021 Number
Administration	444	497
Sales	7	7
	451	504
	2022 £	2021 £
Wages and salaries	13,371,252	14,354,854
Social security costs	1,368,909	1,379,288
Other pension costs	236,842	324,391
	14,977,003	16,058,533

The company operates a defined contribution pension scheme. Contributions in the year were £236,842 (2021: £324,391). There were outstanding contributions at the balance sheet date of £19,114 (2021: £100,418).

5 Operating profit

	2022 £	2021 £
Operating profit is stated after (crediting)/charging:		
Other income - Coronavirus Job Retention Scheme Grant received	-	(328,311)
Depreciation charge for owned fixed assets	931,251	821,249
Operating lease charges - Land and buildings	325,959	311,633
Operating lease charges - Other	17,934	17,934
Services provided by the company auditors		
-fees payable for the audit - parent	46,962	36,465
-fees payable for the audit - subsidiaries	52,038	50,835
-fees payable for tax compliance services	33,200	35,665
Profit on disposal of fixed assets	(43,550)	(72,166)

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Notes to the consolidated financial statements for the year ended 31 July 2022 (continued)

6 Interest payable and similar expenses

	2022 £	2021 £
Interest on loans from directors (note 20)	284,528	266,700
	284,528	266,700

7 Tax on profit

	2022 £	2021 £
UK Corporation tax on profits of the year	973,069	986,141
Adjustments in respect of previous periods	(168,973)	(261,398)
Total current tax	804,096	724,743
Origination and reversal of timing differences	(71,761)	77,771
Adjustments in respect to previous periods	39,531	5,807
Effect of change of tax rates	(2,378)	28,311
Total deferred tax (note 14)	(34,608)	111,889
Tax on profit	769,488	836,632

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK 19.00% (2021: 19.00%) for the reasons set out in the following reconciliation:

	2022 £	2021 £
Profit before taxation	4,636,720	5,527,643
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	880,977	1,050,252
Expenses not deductible for tax purposes	20,331	13,660
Adjustments in respect of previous periods	(129,442)	(255,591)
Tax rate changes	(2,378)	28,311
Total tax charge	769,488	836,632

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Notes to the consolidated financial statements for the year ended 31 July 2022 (continued)

8 Dividends

	2022 £	2021 £
Interim and final dividends paid of £46.67 per £1 ordinary share (2021: £53.33)	3,500,000	4,000,000

The dividends were approved and fully paid in the year.

9 Tangible assets

Group and company	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 August 2021	7,113,443	1,082,563	1,291,633	9,487,639
Additions	88,891	122,590	163,426	374,907
Disposals	(105,475)	(120,264)	-	(225,739)
At 31 July 2022	7,096,859	1,084,889	1,455,059	9,636,807
Accumulated depreciation				
At 1 August 2021	4,513,149	691,789	1,144,990	6,349,928
Charge for year	665,139	189,285	76,827	931,251
Disposals	(105,475)	(104,514)	-	(209,989)
At 31 July 2022	5,072,813	776,560	1,221,817	7,071,190
Net book value				
At 31 July 2022	2,024,046	308,329	233,242	2,565,617
At 31 July 2021	2,600,294	390,774	146,643	3,137,711

Included in the net book value of computer equipment is £157,893 (2021: £289,625) of computer software purchased. Capital commitments of £nil (2021: £nil) were contracted but not provided for at the year end.

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Notes to the consolidated financial statements for the year ended 31 July 2022 (continued)

10 Investments

Company	2022 £	2021 £
Interests in group undertakings - cost and net book value	114	114

Details of group undertakings are as follows:

Name of undertaking	Country of incorporation	Description and number of shares held	Proportion of nominal value of issued shares held %	Principal activity
Moorcroft Debt Recovery Limited	England and Wales	50,000 £1 ordinary shares	100	Debt recovery
Moorcroft Investments Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Home Collection Services Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Moorcroft Financial Services Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Moorcroft Computer Services Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Moorcroft Investigation Services Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Midas Credit Services Limited	England and Wales	2 £1 ordinary shares	100	Dormant
Debt Surveillance Limited	England and Wales	2 £1 ordinary shares	100	Dormant

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

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

11 Purchased loan portfolios

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year				
Purchased loan portfolios	4,078,173	5,576,801	-	-
	4,078,173	5,576,801	-	-

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

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Notes to the consolidated financial statements for the year ended 31 July 2022 (continued)

11 Purchased loan portfolios (continued)

The movement in purchased loan portfolios were as follows:

	2022 £	2021 £
As at 1 August	5,576,801	7,601,916
Purchased loan portfolios acquired in the year	771,337	994,579
Portfolios cash collections in the year	(5,035,304)	(6,098,079)
Income from purchased loan portfolios	2,765,339	3,078,385
As at 31 July	4,078,173	5,576,801

12 Debtors

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Amounts falling due within one year				
Trade debtors	2,704,226	2,941,800	-	-
Amounts owed by group undertakings	-	-	2,814,902	5,539,258
Corporation Tax	-	-	-	-
Deferred tax (note 14)	-	-	54,027	83,910
Prepayments and accrued income	1,561,778	1,464,924	979,203	758,546
	4,266,004	4,406,724	3,848,132	6,381,714

Trade debtors are stated after provision for impairment of £91,534 (2021: £91,568). The impairment expense credited was £nil (2021: £ nil).

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

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Notes to the consolidated financial statements for the year ended 31 July 2022 (continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	6,504,842	7,892,228	301,250	2,806,794
Loans from directors (note 20)	4,200,000	4,200,000	4,200,000	4,200,000
Corporation tax	49,258	145,162	12,735	-
Deferred tax (note 14)	186,959	221,567	-	-
Other taxation and social security	682,901	326,939	585,805	209,210
Accruals and deferred income	1,125,486	1,930,982	1,092,823	1,876,258
	12,749,446	14,716,878	6,192,613	9,092,262

No security is held against any of the liabilities.

14 Deferred tax

The amounts recognised in respect of deferred taxation in the year are as follows:

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Accelerated capital allowances	(50,395)	(60,031)	(50,395)	(60,031)
Short-term timing differences	237,354	281,598	(3,632)	(23,879)
Deferred tax liability/(asset)	186,959	221,567	(54,027)	(83,910)

There are no unprovided amounts of deferred tax (2021: £nil).

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Notes to the consolidated financial statements for the year ended 31 July 2022 (continued)

17 Financial commitments

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

	Land and Buildings 2022	Land and Buildings 2021	Plant and Machinery 2022	Plant and Machinery 2021
	£	£	£	£
Payments due				
Not later than one year	382,734	290,515	13,450	17,934
Later than one year and not later than five years	592,416	574,681	-	13,450
	975,150	865,196	13,450	31,384

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 £296,016 (2021: £290,515) in the year to the Group's pension fund in respect of the Spring Gardens, Bredbury and John Sheet properties.

Dividends paid by Moorcroft Group Public Limited Company and received in a beneficial capacity by:	2022	2021
	£	£
Shareholders of Moorcroft Group Public Limited Company	3,500,000	4,000,000

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Notes to the consolidated financial statements for the year ended 31 July 2022 (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 2022 £	Maximum Liability during year 2021 £	2022 £	2021 £
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 6.25% above the Bank of England base rate, and interest payable of £284,528 (2021: £266,700) for the year is included within the results for the year (note 6). Of this interest charge £76,751 (2021: £13,445) was unpaid at the year end, and is included within accruals. This accrual represents £25,584 (2021: £4,482) for each individual director. The loans are repayable on demand.