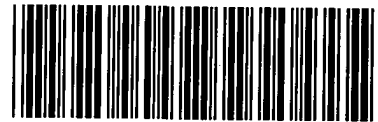


# OPD Group Limited

## Financial Statements for the year ended 31 December 2013

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## **OPD GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

The Directors present their review of the affairs of the Company, together with the financial statements for the year ended 31 December 2013.

#### **Principal Activity, Business Reviews and Future Developments**

The Company's has two principal interests, a 49.5% holding in Odgers (Group) Limited and a 49.9% cent holding in PSD Group Limited. Both companies operate in the recruitment sector.

On 28 June 2012 the Company acquired 49% of the equity of Education 365 Limited which is a firm specialising in recruitment within the education sector.

#### **Results and dividends**

The Company's profit after taxation for the year was £2.1 million (2012: profit £2.0 million). The Company's profit for the year will be transferred to reserves.

No dividends were paid or are proposed in respect of the year ended 31 December 2013.

#### **Share Capital**

The Company's issued share capital as at 31 December 2013 is set out in Note 17 to the Financial Statements.

#### **Company Status**

The Company is a private limited company.

#### **Directors**

The Directors who served during the year are:

Peter Hearn  
Simon Murphy

#### **Political & Charitable donations**

The Company made charitable donations during the year of £3,000 (2012: £Nil). It made no political donations (2012: £Nil).

#### **Key Performance Indicators ('KPI')**

The KPI's are the net fee income and the profit before tax of the trading business.

#### **Risk Factors**

- The future success of the Company is dependent on the continued service of its Directors and senior management and key personnel employed by the trading companies.
- The strength of the markets for executive search and selection and other recruitment services is key to the profitability of the Company.

#### **Financial risk management policies and procedures**

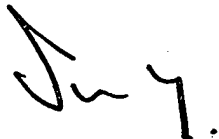
The Company is a subsidiary of Offerco Limited and the risk management policies and procedures are set out in the financial statements of this company.

## OPD GROUP LIMITED

### Going Concern

The Directors have a reasonable expectation that the Group has adequate resources to continue operating in the foreseeable future. On these grounds the Board have continued to adopt the going concern basis for the preparation of the financial statements.

Approved by the Board on 26 September 2014 and signed on its behalf by:



SIMON MURPHY

~~Peter Hearn~~

Director

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). 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 for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs 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 Company's transactions and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# OPD GROUP LIMITED

## Statement of comprehensive income for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Revenue</b>		<b>70</b>	<b>60</b>
<b>Gross profit</b>		<b>70</b>	<b>60</b>
Administrative expenses		(236)	(215)
Other income		2,061	2,021
<b>Operating profit</b>	<b>8</b>	<b>1,895</b>	<b>1,866</b>
Finance income	<b>9</b>	<b>235</b>	<b>137</b>
<b>Profit before income tax</b>		<b>2,130</b>	<b>2,003</b>
Income tax expense	<b>10</b>	-	-
<b>Profit for the year</b>		<b>2,130</b>	<b>2,003</b>
<b>Total comprehensive profit for the year</b>		<b>2,130</b>	<b>2,003</b>

All amounts are in respect of continuing operations.

The notes on pages 9 to 18 form part of these financial statements.

# OPD GROUP LIMITED

## Statement of financial position as at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Other investments	12	8,965	8,965
<b>Total non-current assets</b>		8,965	8,965
<b>Current assets</b>			
Trade and other receivables	14	12,545	13,203
Cash and cash equivalents	15	8,139	5,370
<b>Total current assets</b>		20,684	18,573
<b>Total assets</b>		29,649	27,538
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Current corporation tax liabilities		-	-
Trade and other payables	16	335	354
<b>Total current liabilities</b>		335	354
<b>Total liabilities</b>		335	354
<b>Equity attributable to owners of the parent</b>			
Called up share capital	17	1,336	1,336
Share premium account	17	18,497	18,497
Capital redemption reserve	18	50	50
Merger reserve	18	4,266	4,266
Retained profit	18	5,165	3,035
<b>Total equity</b>		29,314	27,184
<b>Total equity and liabilities</b>		29,649	27,538

The notes on pages 9 to 18 form part of these financial statements.

For the year ending 31 December 2013 the Company was entitled to exemption from audit under Section 477 of Companies Act 2006 for small companies

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with Section 476.
- Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to small companies' regime.

The financial statements on pages 5 to 18 were authorised for issue by the Board of Directors on 26 September 2014 and signed on its behalf by:

Director  SIMON MURPHY  
OPD Group Limited, Registration Number: 3201382

**OPD GROUP LIMITED**

**Statement of changes in equity for the year ended 31 December 2013**

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2012</b>	<b>1,336</b>	<b>18,497</b>	<b>50</b>	<b>4,266</b>	<b>1,032</b>	<b>25,181</b>
Profit for the year	-	-	-	-	2,003	2,003
Total comprehensive profit for the year	-	-	-	-	2,003	2,003
<b>At 31 December 2012</b>	<b>1,336</b>	<b>18,497</b>	<b>50</b>	<b>4,266</b>	<b>3,035</b>	<b>27,184</b>
Profit for the year	-	-	-	-	2,130	2,130
Total comprehensive profit for the year	-	-	-	-	2,130	2,130
<b>At 31 December 2013</b>	<b>1,336</b>	<b>18,497</b>	<b>50</b>	<b>4,266</b>	<b>5,165</b>	<b>29,314</b>

The notes on pages 9 to 18 form part of these financial statements.

# OPD GROUP LIMITED

## Statement of cash flows for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Cash flows from operating activities</b>			
Cash utilised by operations	20	(93)	(594)
<b>Net cash utilised by operating activities</b>		<b>(93)</b>	<b>(594)</b>
<b>Cash flows from investing activities</b>			
Loan to holding company		-	(1,500)
Loan repayment by Odgers (Group) Limited		1,000	
Dividends received		1,611	2,021
Interest received		269	144
Investment in Education 365 Limited		-	(114)
Loan to Cameron Kennedy Limited		(85)	(440)
<b>Cash flows from investing activities</b>		<b>2,795</b>	<b>111</b>
<b>Cash flows from financing activities</b>			
Repayment of loan notes		67	112
<b>Cash flows from financing activities</b>		<b>67</b>	<b>112</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>21</b>	<b>2,769</b>	<b>(371)</b>
Cash and cash equivalents at 1 January		5,370	5,741
<b>Cash and cash equivalents at 31 December</b>		<b>8,139</b>	<b>5,370</b>

The notes on pages 9 to 18 form part of these financial statements.



# OPD GROUP LIMITED

## Notes to the financial statements for the year ended 31 December 2013

### 1. General information and nature of operations

Offerco Limited is the Company's ultimate Parent Company. The Company is a limited liability company incorporated and domiciled in the United Kingdom. Its principal activity is providing management services. The address of OPD Group Limited's registered office and its principal place of business is 98 Cinnabar Wharf, London, E1W 1NG.

### 2. 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.

#### 2.1. Basis of preparation

The financial statements of OPD Group Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the notes.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

*International Accounting Standards (IAS/IFRS) and interpretations not yet adopted.*

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group (except for the Amendments to IAS 1 noted above):

- IFRS 9 Financial Instruments (no mandatory effective date)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013\*\*)
- IFRS 11 Joint Arrangements (effective 1 January 2013\*\*)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013\*\*)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013\*\*)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013\*\*)
- Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Government Loans – Amendments to IFRS 1 (effective 1 January 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)
- Annual Improvements 2009 - 2011 and 2011 – 2013 Cycles (effective 1 January 2014)
- Transition Guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2013)
- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)

**Notes to the financial statements for the year ended 31 December 2013**

**\*\*Note:** EU mandatory effective date is 1 January 2014, not 2013. Also Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12 Income Taxes (IASB effective date 1 January 2012) has a mandatory EU effective date of periods commencing on or after 1 January 2013.

The Directors anticipate that the adoption of the remaining Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

**2.2. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

**2.3. Impairment of non-financial assets**

Assets that have an indefinite useful economic life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.4. Financial assets**

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are subsequently carried at fair value. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 2.5.

**2.5. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'Cost of Sales'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Cost of Sales' in the statement of comprehensive income.

## **OPD GROUP LIMITED**

### **Notes to the financial statements for the year ended 31 December 2013**

#### **2.6. 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 on the statement of financial position.

#### **2.7. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **2.8. Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **2.9. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **2.10. Current and deferred income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **2.11. Revenue recognition**

Revenue comprises the fair value of the sale of goods and services net of value added tax, rebates and discounts. Revenue is recognised as follows:

- a. Fee income: The Company has no fee income. The associates recognise gross fee income from retained assignments on completion of defined stages of work. Gross fee income is recognised on non-retained assignments when a client offers a candidate a position, the candidate accepts the position and a start date is determined. A provision is made against gross fee income for the cancellation of placements either prior to or shortly after the commencement of employment based on past experience of this occurring. In respect of temporary assignments, gross fee income is recognised when the service has been provided. Gross fee income is net of value added tax.

Net fee income is derived by deducting from gross fee income direct costs including the cost of temporary staff placed with clients, costs of advertising, costs and charges to clients for artwork.

- b. Interest income: Interest income is recognised on a time-proportioned basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

## **OPD GROUP LIMITED**

### **Notes to the financial statements for the year ended 31 December 2013**

c. Dividend income: Dividend income is recognised when the right to receive payment is established.

#### **2.12. Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

#### **2.13. Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### **2.14. Investment in subsidiaries and associates**

Fixed asset investments in subsidiaries and associates are stated at cost less provision for impairment.

#### **2.15. Going concern**

The Directors have a reasonable expectation that the Group has adequate resources to continue operating in the foreseeable future. On these grounds the Board have continued to adopt the going concern basis for the preparation of the financial statements.

### **3. Financial Risk Management**

#### **3.1. Financial Risk factors**

The Company's activities expose it to a variety of financial risks; market risk and credit risk. The Company does not use derivative financial instruments to hedge risk exposures.

##### **a. Market risk**

- i. Price risk: The Company owns unquoted securities. The value of these equities is dependent on the performance of investee companies.
- ii. Cash flow and fair value interest rate risk: The Company has interest bearing assets and liabilities and to a limited extent the Company's income and cash flows are independent of changes in market interest rates.

##### **b. Credit risk**

Credit risk arises from cash and deposits with banks. The Company's principal banker is Barclays Bank and substantially all the Company's cash, cash equivalents and deposits are placed with Barclays Bank. At 31 December 2013 cash and deposits amounting to £8.1 million (31 December 2012: £5.4 million) were placed with Barclays Bank. Funds that are not required for the day to day management of the business are deposited with Barclays Bank and other financial institutions with a maturity of 12 months or less.

#### **3.2. Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure appropriate to the nature of the business.

In order to maintain or adjust the capital structure, the Company may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, purchase shares for cancellation or sell assets to increase the Company's cash resources.

## OPD GROUP LIMITED

### Notes to the financial statements for the year ended 31 December 2013

#### 3.3. Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

#### 4. Critical accounting estimates and judgments

Estimates and judgments 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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions in respect of the value of investments have a significant risk of causing a material adjustment to the carrying amounts of assets.

The fair value of the Company's investments in its associates have been determined with respect to the value paid by third parties for the majority holdings in these companies.

#### 5. Segmental analysis

The chief operating decision-maker has been identified as the Board. The Board considers that the business comprises of one segment.

#### 6. Directors' emoluments

The Directors received no emoluments for their services as directors of the Company during the period.

#### 7. Staff costs (Including Directors)

The Directors consider that other than the Board of Directors, there are no key management as defined by IAS 24.

The Company had no employees during the year (2012 - Nil).

#### 8. Operating profit

	2013 £'000	2012 £'000
This is stated after charging:		
Auditors' remuneration	-	7

#### 9. Finance income

	2013 £'000	2012 £'000
Interest income	235	137
<b>Finance income</b>	<b>235</b>	<b>137</b>

**OPD GROUP LIMITED****Notes to the financial statements for the year ended 31 December 2013****10. Taxation****a. Analysis of tax charge for the year**

The tax charge arises from continuing operations and is made up as follows:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax	-	-
Group relief	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>

**b. Factors affecting current tax charge**

The tax assessed on continuing operations for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.3% (2012: 24.5%). The difference is reconciled as follows:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Profit on continuing operations multiplied by standard rate of corporation tax in the UK of 23.3% (2012: 24.5%)	<b>495</b>	<b>491</b>
Expenses not deductible for tax purposes	<b>9</b>	<b>5</b>
Non-taxable settlement	<b>(104)</b>	<b>-</b>
Non-taxable income	<b>(400)</b>	<b>(496)</b>
<b>Total tax charge for the year (note 10 (a))</b>	<b>-</b>	<b>-</b>

**11. Dividends**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Dividends for 2013 of Nil p (2012: Nil p)	<b>-</b>	<b>-</b>

**12. Investments in subsidiaries/associates**

<b>Shares in Group undertakings at fair value</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
1 January	<b>8,965</b>	<b>8,851</b>
Investment in Education 365 Limited	<b>-</b>	<b>115</b>
<b>31 December</b>	<b>8,965</b>	<b>8,965</b>

## OPD GROUP LIMITED

### Notes to the financial statements for the year ended 31 December 2013

On 28 June 2012 the Company acquired a 49% shareholding in Education 365 Limited which provides recruitment services within the education sector.

The investments in PSD Group Limited and Odgers (Group) Limited are accounted for as associated undertakings.

Principal Group undertakings	Country of Incorporation	Principal Activity	Proportion of Equity and Voting Rights	Description of Shares
Education 365 Limited	England	Recruitment	49%	£1 Ordinary
PSD Group Limited	England	Recruitment	49.9%	5p Ordinary
Odgers (Group) Limited	England	Recruitment	49.5%	£1 Ordinary
Education 365 Limited	England	Recruitment	49.0%	5p Ordinary

### 13. Financial assets & liabilities

Financial assets	Notes	2013 £'000	2012 £'000
Loans and receivables:			
Trade and other receivables	14	12,545	13,203
Cash, cash equivalents and deposits	15	8,139	5,370
		20,684	18,573
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost:			
Trade and other payables	16	335	354
		335	354

A description of the Company's financial instrument risk, including risk management objectives and policies are set out in note 3 to these financial statements.

### 14. Trade and other receivables

	2013 £'000	2012 £'000
Amounts owed by Parent Company	10,600	10,600
Amount owed by PSD Group Limited	254	321
Odgers (Group) Limited loan notes	-	1,000
Amount owed by Cameron Kennedy Limited	525	440
Accrued income and other receivables	1,166	842
	12,545	13,203

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above. The Group does not hold any collateral as security.

The directors consider that the carrying values of trade and other receivables to be approximately their fair value.

## OPD GROUP LIMITED

### Notes to the financial statements for the year ended 31 December 2013

#### 15. Financial instruments

An analysis of cash and cash equivalents is set out below:

<b>Financial Assets</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Sterling	8,139	5,370
	<b>8,139</b>	<b>5,370</b>

The directors consider that the carrying values of cash and cash equivalents are approximately equal to their fair values.

#### 16. Trade and other payables

	<b>2013 £'000</b>	<b>2012 £'000</b>
Amounts owed to the Parent Company	203	237
Accruals and other payables	132	117
	<b>335</b>	<b>354</b>

Amounts owed to the Parent Company are payable on demand and are non-interest bearing.

The directors consider that the carrying values of trade and other payables are approximately equal to their fair values.

#### 17. Share capital

	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Allotted, called up and fully paid:</b>		
26,727,960 Ordinary shares of 5p each	<b>1,336</b>	<b>1,336</b>

The share premium reserve comprises share premium on the issued share capital.

#### 18. Reserves

The reserves of the Company include a capital redemption reserve of £50,000 (2012: £50,000), a merger reserve of £4,266,000 (2012: £4,266,000) and a retained profit of £5,165,000 (2012: £3,035,000).

The capital redemption reserve arises from the cancellation of the Company's own shares and retained earnings represent the cumulative profit of the Company. The merger reserve arose from a corporate restructuring that took place in 1997.

#### 19. Operating lease commitments

The commitments arise from operating leases for property. The leases require the tenant to keep the property in a good state of repair and are subject to periodic rental review.



## OPD GROUP LIMITED

### Notes to the financial statements for the year ended 31 December 2013

The following commitments based on current rental amounts existed at 31 December 2013 in respect of non-cancellable operating leases.

	2013 £'000	2012 £'000
<b>Leases expiring:</b>		
Within one year	-	621
Later than one year and less than five years	-	-
Later than five years	1,179	1,375
	<b>1,179</b>	<b>1,996</b>

The properties are occupied by PSD Group Limited and its subsidiary companies. These companies are responsible for all rental payments and the liability will only revert to OPD Group Limited should these companies fail to make the necessary payments.

### 20. Reconciliation of profit before tax to net cash inflow from operating activities

	2013 £'000	2012 £'000
Profit before tax	2,130	2,003
<i>Adjustments for:</i>		
Net finance income	(235)	(137)
Dividend and other income received	(1,611)	(2,021)
<i>Changes in working capital:</i>		
(Increase) in trade and other receivables	(358)	(510)
Increase/(decrease) in trade and other payables	(19)	71
<b>Cash flows from operating activities</b>	<b>(93)</b>	<b>(594)</b>

### 21. Analysis of net funds

	At 1 January 2013 £'000	Cash flow £'000	At 31 December 2013 £'000
<b>Net cash:</b>			
Cash and cash equivalents	5,370	2,769	8,139
<b>Net funds</b>	<b>5,370</b>	<b>2,769</b>	<b>8,139</b>

### 22. Pensions

The Company has no pension obligations and has not made any pension payments.

### 23. Ultimate controlling party

The Company is a subsidiary of Offerco Limited, a Company controlled by Mr P Hearn.

### 24. Related party transactions

- Fees of £35,000 (2012: £30,000) were paid to Terling Partners Limited, a company controlled by Mr S Murphy.

## **OPD GROUP LIMITED**

### **Notes to the financial statements for the year ended 31 December 2013**

- b. A loan of £428,206 was made in December 2012 to Terling Partners Limited a company controlled by Mr S Murphy. It remained outstanding at 31 December 2013.
- c. MPM Connect Limited, a company which Mr P Hearn is a director has received loans from the Company. The balance outstanding at 31 December 2013 was £266,783 (31 December 2012: £265,072).