

# Opus Portfolio Limited

## Report and Financial Statements

30 September 2003



# Opus Portfolio Limited

---

Registered No: 3782941

## Directors

P C De Haan	Chairman
A Farley	Non-executive Director
P J Stone	Non-executive Director
A C Lavery	

## Secretary

A C Lavery

## Auditors

Ernst & Young LLP  
400 Capability Green  
Luton  
Beds  
LU1 3LU

## Bankers

The Governor and Company of The Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

## Solicitors

Taylor Wessing  
Carmelite  
50 Victoria Embankment  
London  
EC4Y 0DX

## Registered Office

Carmelite  
50 Victoria Embankment  
Blackfriars  
London  
EC4Y 0DX

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 September 2003.

### Activities

The principal activity of the company is to act as the parent company for a group of companies involved in business services.

### Review of developments and future prospects

The results for the year are shown in the consolidated profit and loss account on page 5. The position of the group at the year end is shown in the consolidated balance sheet on page 6 and the position of the company at the year end is shown in the company balance sheet on page 7.

### Dividends

The directors do not recommend the payment of a dividend (2002: £nil).

### Directors and their interests

The directors who served during the year were and their beneficial interest in the shares of the company at 30 September 2003 were as follows:

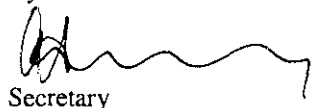
	<i>Ordinary shares of 25p each</i>	
	<i>30 September 2003</i>	<i>30 September 2002</i>
P C De Haan	1,420,150*	967,889*
A Farley	-	-
P J Stone	-	-
A C Lavery	-	-

\*Included in this amount are 836,945 (2002: 384,684) shares held in family trusts. P C De Haan has no beneficial interest in the trusts in respect of 384,684 of these shares.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

27/2/04

## Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## **Independent auditors' report**

**to the members of Opus Portfolio Limited**

We have audited the group's financial statements for the year ended 30 September 2003 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance sheet, Consolidated Cash Flow Statement and the related notes 1 to 27. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

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

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 September 2003 and of its loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Registered Auditor

Luton

*27 February 2004*

**Consolidated profit and loss account**

for the year ended 30 September 2003

	Notes	2003 £000	2002 £000
<b>Turnover</b>			
Continuing operations		14,182	12,620
Discontinued operations		35	9,226
<b>Group turnover</b>	2,3	14,217	21,846
Cost of sales		(11,033)	(19,624)
<b>Gross profit</b>		3,184	2,222
Administrative expenses		(7,035)	(10,010)
<b>Operating loss before share of participating interest</b>			
Continuing operations		(3,907)	(6,241)
Discontinued operations		56	(1,547)
<b>Total operating loss before share of participating interest</b>	4	(3,851)	(7,788)
Dividends receivable from participating interest		—	378
<b>Total operating loss</b>		(3,851)	(7,410)
Other interest receivable and similar income		30	130
Interest payable and similar charges	6	(232)	(530)
<b>Loss on ordinary activities before taxation</b>		(4,053)	(7,810)
Tax credit on loss on ordinary activities	7	—	1
<b>Loss after tax</b>		(4,053)	(7,809)
Minority interests		269	915
<b>Retained loss for the financial year</b>	18	(3,784)	(6,894)

There are no recognised gains and losses for the current year or prior period other than stated in the profit and loss account.

**Consolidated balance sheet**

at 30 September 2003

	Notes	2003 £000	2002 £000
<b>Fixed assets</b>			
Intangible assets	9	460	–
Tangible assets	10	5,638	5,901
		<u>6,098</u>	<u>5,901</u>
<b>Current assets</b>			
Stocks	12	172	281
Debtors	13	5,360	9,717
Cash at bank and in hand		–	1,254
		<u>5,532</u>	<u>11,252</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(7,541)</u>	<u>(6,362)</u>
<b>Net current (liabilities)/assets</b>		<u>(2,009)</u>	<u>4,890</u>
<b>Total assets less current liabilities</b>		<u>4,089</u>	<u>10,791</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(3,141)</u>	<u>(7,448)</u>
Minority interests - equity		–	(1,311)
		<u>948</u>	<u>2,032</u>
<b>Capital and reserves</b>			
Called up share capital	17,18	377	264
Share premium	18	2,587	–
Capital redemption reserve	18	3,000	3,000
Profit and loss account	18	<u>(5,016)</u>	<u>(1,232)</u>
<b>Total equity shareholders' funds</b>		<u>948</u>	<u>2,032</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

Director

Director

27/2/04

# Company balance sheet

at 30 September 2003

	Notes	2003 £000	2002 £000
<b>Fixed assets</b>			
Tangible assets	10	49	161
Investments	11	6,000	6,000
		<u>6,049</u>	<u>6,161</u>
<b>Current assets</b>			
Debtors	13	3,556	1,895
Cash at bank and in hand		1,855	–
		<u>5,411</u>	<u>1,895</u>
<b>Creditors: amounts falling due within one year</b>	14	(7,969)	(1,797)
		<u>(2,558)</u>	<u>98</u>
<b>Net current (liabilities)/assets</b>			
<b>Total assets less current liabilities</b>		<u>3,491</u>	<u>6,259</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(2,489)	(6,713)
<b>Total net assets</b>		<u>1,002</u>	<u>(454)</u>
<b>Capital and reserves</b>			
Called up share capital	17,18	377	264
Share premium	18	2,587	–
Capital redemption reserve	18	3,000	3,000
Profit and loss account	18	(4,962)	(3,718)
<b>Total equity shareholders' funds</b>		<u>1,002</u>	<u>(454)</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

Director

Director

27/2/04

**Consolidated cash flow statement**

for the year ended 30 September 2003

	Notes	2003 £000	2002 £000
<b>Net cash outflow from operating activities</b>	20	(3,211)	(8,216)
<b>Dividends received</b>		–	1,835
<b>Returns on investments and servicing of finance</b>			
Interest paid		(204)	(440)
Interest element of finance lease rentals		(28)	(28)
Interest received		30	120
		(202)	(348)
<b>Taxation</b>			
UK corporation tax paid		–	–
UK corporation tax refunded		–	1
		–	1
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(730)	(4,313)
Sale of fixed assets		13	33
		(717)	(4,280)
<b>Acquisitions</b>			
Proceeds from sales of subsidiaries		4,283	6,000
Purchase of subsidiaries		(1,708)	(242)
Net cash acquired with subsidiary undertaking		–	3,546
		2,575	9,304
<b>Net cash outflow before financing</b>		(1,555)	(1,703)
<b>Financing</b>			
Finance lease drawdowns		164	250
Capital element of finance lease rentals		(160)	(131)
Drawdown/(repayment) of bank loans		867	(750)
Loan from Chairman		(4,223)	6,713
Issue of share capital		2,700	–
<b>Net cash inflow/(outflow) from financing</b>		(652)	6,082
<b>(Decrease)/increase in net cash in year</b>	21	(2,207)	4,379

## Notes to the financial statements

at 30 September 2003

### 1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiary undertakings for the financial year ended 30 September 2003.

#### Fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Short-term leasehold improvement	Over the minimum lease duration
Plant and machinery	5 - 10 years
Motor vehicles	4 years
Fixtures, fittings and equipment	3 - 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

#### Stocks

Stock and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

#### 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 have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- 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 underlying timing differences can be deducted.

## Notes to the financial statements

at 30 September 2003

### 1. Accounting policies (continued)

#### Deferred taxation (continued)

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.

#### Leases and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

#### Pension funds

The company operates a group personal pension scheme to which it makes no employer contributions. Certain group companies also operate other forms of defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

#### Acquisitions and disposals

On acquisition of a business, including a participating interest, fair market values are attributable to the group's share of the net separable assets. Where the cost of acquisition exceeds the fair market values attributable to such net assets, the difference is treated as purchased goodwill and is capitalised and amortised over its estimated useful life.

The profit or loss on the disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged through the profit and loss account.

The results and cash flow relating to a business are included in the consolidated profit and loss accounts and the consolidated cash flow statement from the date of acquisition or up to the date of disposal.

Deferred consideration, if it arises, is discounted to its fair value.

#### Goodwill and intangible fixed assets

Goodwill which represents the excess of cost over the fair value of net separable assets is amortised through the profit and loss account by equal instalments over its estimated useful life. It is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

## Notes to the financial statements

at 30 September 2003

### 2. Turnover

Analysis by class of business and geographic analysis of turnover is stated below:

<i>Class of Business and geographic analysis</i>	<i>2003</i> <i>£000</i>	<i>2002</i> <i>£000</i>
Rental income	658	–
Direct marketing		
- continuing operations	13,524	12,620
Computer software and telecommunications		
- discontinued operations	–	3,636
Wine merchandising		
- discontinued	–	4,760
Office furniture		
- discontinued	35	830
	<u>14,217</u>	<u>21,846</u>

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. All of the turnover in the period to 30 September 2003 was derived from the United Kingdom.

Rental income is received from a related party, Opus Systems Limited, a company under common control.

### 3. Analysis of continuing and discontinued operations

	<i>2003</i> <i>Continuing</i> <i>£000</i>	<i>2003</i> <i>Discontinued</i> <i>£000</i>	<i>2003</i> <i>Total</i> <i>£000</i>	<i>2002</i> <i>Continuing</i> <i>£000</i>	<i>2002</i> <i>Discontinued</i> <i>£000</i>	<i>2002</i> <i>Total</i> <i>£000</i>
Turnover	14,182	35	14,217	12,620	9,226	21,846
Cost of sales	(11,018)	(15)	11,033	(11,892)	(7,732)	(19,624)
Gross profit	<u>3,164</u>	<u>20</u>	<u>3,184</u>	<u>728</u>	<u>1,494</u>	<u>2,222</u>
Administrative expenses	(7,071)	36	(7,035)	(6,969)	(3,041)	(10,010)
Operating loss	<u>(3,907)</u>	<u>56</u>	<u>(3,851)</u>	<u>(6,241)</u>	<u>(1,547)</u>	<u>(7,788)</u>

# Notes to the financial statements

at 30 September 2003

## 4. Operating loss

This is stated after charging / (crediting):

	2003 £000	2002 £000
Amortisation of goodwill:		
charge for the year	155	–
impairment	–	1,113
Operating lease rentals:		
plant and machinery	260	269
other	1,404	1,062
Depreciation of tangible fixed assets		
- own assets	915	1,301
- leased assets	17	45
Auditors' remuneration		
- audit fees	60	110
- other services	9	21
Impairment of fixed assets	49	1,915
Profit on disposal of subsidiaries	–	(7,281)
(Profit) / loss on disposal of fixed assets	(5)	385

## 5. Information regarding directors and employees

	2003 £000	2002 £000
Staff costs (including directors):		
Wages and salaries	5,632	10,016
Social security costs	513	1,010
Other pension costs	–	97
	6,145	11,123

The average number of persons employed by the company during the year:

	2003 No.	2002 No.
Production	242	330
Sales and distribution	28	23
Administration	34	106
	304	459

## Notes to the financial statements

at 30 September 2003

### 5. Information regarding directors and employees (continued)

Staff costs include the following in respect of the directors:

	2003 £000	2002 £000
Directors' salaries	305	311
Directors' fees	–	49
	<u>305</u>	<u>360</u>

Highest paid director:

	2003 £000	2002 £000
Emoluments	<u>148</u>	<u>197</u>

### 6. Interest payable and similar charges

	2003 £000	2002 £000
On bank loans and overdrafts	190	440
Finance leases and hire purchase contracts	27	28
Other interest payable	15	62
	<u>232</u>	<u>530</u>

### 7. Tax on loss on ordinary activities

a) There is no tax charge for the period (2002: £nil).

b) Factors affecting the tax charge for the period

	2003 £000	2002 £000
Loss on ordinary activities before tax	<u>(4,053)</u>	<u>(7,810)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax (30%)	(1,216)	(2,343)
Effects of		
Expenses/(income) not allowable for tax purposes	120	(1,304)
Non taxable waiver of loan	139	–
Deferred tax asset not recognised	1,061	3,703
Loss utilisation	(104)	(56)
Prior year adjustment	–	(1)
	<u>–</u>	<u>(1)</u>

## Notes to the financial statements

at 30 September 2003

### 7. Tax on loss on ordinary activities (continued)

c) Provision for deferred tax

At 30 September 2003 the group had a deferred tax asset of £4.7 million (2002: £4.1 million) as a result of losses carried forward and an asset of £663,000 (2002: £370,000) as a result of depreciation in excess of capital allowances. These assets have not been recognised as their recovery is considered uncertain.

### 8. Results of the parent undertaking

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these accounts. The company's loss for the financial year amounted to £1,244,155 (2002: £15,725,000).

### 9. Intangible assets

<i>Group</i>	<i>2003</i>
Goodwill	£000
Cost:	
At 1 October 2002	2,705
Acquisition (note 24)	613
At 30 September 2003	3,318
Accumulated amortisation:	
At 1 October 2002	2,705
Charge for the year	153
At 30 September 2003	2,858
Net book value:	
At 30 September 2003	460
At 30 September 2002	—

# Notes to the financial statements

at 30 September 2003

## 10. Tangible fixed assets

<i>Group</i>	<i>Short-term Leasehold Improvements £000</i>	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost:					
At 1 October 2002	4,161	4,828	35	650	9,674
Additions	–	727	–	3	730
Disposals	–	–	(35)	(90)	(125)
Other adjustment	(4)	–	–	–	(4)
At 30 September 2003	4,157	5,555	–	563	10,275
Accumulated depreciation:					
At 1 October 2002	2,418	995	26	334	3,773
Charge for the year	122	717	1	92	932
Disposals	–	–	(27)	(90)	(117)
Impairment	–	–	–	49	49
At 30 September 2003	2,540	1,712	–	385	4,637
Net book value:					
At 30 September 2003	1,617	3,843	–	178	5,638
At 30 September 2002	1,743	3,833	9	316	5,901

## Notes to the financial statements

at 30 September 2003

### 10. Tangible fixed assets (continued)

The net book value of the group's plant and machinery, motor vehicles and fixtures and fittings includes assets with a cost of £643,000 (2001: £907,000) and net book value of £391,000 (2001: £655,000) held under hire purchase and finance lease arrangements. Depreciation charged in the year was £33,000 (2001: £96,000).

<i>Company</i>	<i>Short-term Leasehold Improvements £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost:				
At 1 October 2002	271	35	222	528
Additions	—	—	2	2
Disposals	—	(35)	(90)	(125)
At 30 September 2003	271	—	134	405
Accumulated depreciation:				
At 1 October 2002	271	27	69	367
Charge for the year	—	—	57	57
Disposals	—	(27)	(90)	(117)
Impairment	—	—	49	49
At 30 September 2003	271	—	85	356
Net book value:				
At 30 September 2003	—	—	49	49
At 30 September 2002	—	8	153	161

## Notes to the financial statements

at 30 September 2003

### 11. Investments held as fixed assets

<i>Company</i>	<i>Subsidiary undertakings £000</i>
Cost:	
At 1 October 2002 and 30 September 2003	23,000
Impairment:	
At 1 October 2002 and 30 September 2003	17,000
Net book value:	
At 30 September 2002 and 2003	6,000

The company owns 100% of the ordinary shares in Opus Trust Limited, a company incorporated in England and Wales and whose principal activity is to act as a holding company.

### 12. Stocks

<i>Group</i>	<i>2003 £000</i>	<i>2002 £000</i>
Raw materials and consumables	172	274
Finished goods and goods for resale	–	7
	<u>172</u>	<u>281</u>

### 13. Debtors

	<i>Group 2003 £000</i>	<i>Group 2002 £000</i>	<i>Company 2003 £000</i>	<i>Company 2002 £000</i>
Trade debtors	2,719	2,442	47	–
Amounts owed by group undertakings	–	–	2,294	1,239
Other debtors	1,633	5,677	1,163	471
Prepayments and accrued income	1,001	1,373	45	185
Other taxes and social security	7	225	7	–
	<u>5,360</u>	<u>9,717</u>	<u>3,556</u>	<u>1,895</u>

Company other debtors includes £1,071,760 owed by Opus Systems Limited, £83,667 owed by H & H Bancroft Wines Limited, and £5,679 owed by Opus 101, all related parties under common control.

Group other debtors includes £1,456,491 owed by Opus Systems Limited and £142,077 owed by H & H Bancroft Wines Limited, all related parties under common control.

## Notes to the financial statements

at 30 September 2003

### 14. Creditors: amounts falling due within one year

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Bank loan and overdrafts (see note 16)	1,820	—	—	603
Obligations under finance lease and hire purchase contracts (see note 16)	166	130	—	—
Trade creditors	1,535	2,659	21	153
Amounts due to group undertakings	—	—	6,574	—
Other taxes and social security	330	526	12	279
Other creditors	2,416	1,144	1,265	411
Accruals and deferred income (see note 16)	1,209	1,838	97	351
Deferred acquisition consideration (see note 16)	65	65	—	—
	<u>7,541</u>	<u>6,362</u>	<u>7,969</u>	<u>1,797</u>

Company other creditors includes £299,961 owed to Borada Limited, £6,589 owed to Opus 101 Limited, £1,233,321 owed to TIA Systems Limited and £24,005 owed to Opus 102 Limited, all related parties under common control.

Group other creditors includes £26,962 owed to Opus Systems Limited, £1,233,321 owed to TIA Systems Limited, £1,112,505 owed to Opus 102 Limited, £6,589 owed to Opus 101 Limited, all companies under common control.

Included in group and company accruals and deferred income is £41,000 relating to deferred rental income. Of this £20,000 relates to a related party H & H Bancroft Limited, a company under common control.

### 15. Creditors: amounts falling due after more than one year

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Obligations under finance leases and hire purchase contracts (see note 16)	286	318	—	—
Deferred acquisition consideration (see note 16)	365	417	—	—
Other creditors	2,490	6,713	2,489	6,713
	<u>3,141</u>	<u>7,448</u>	<u>2,489</u>	<u>6,713</u>

Other creditors represents a subordinated, interest free loan from the Chairman.

## Notes to the financial statements

at 30 September 2003

### 16. Borrowings and deferred income

Analysis of loans and overdrafts

	Company 2003 £000	Company 2002 £000
Within one year	–	603

The bank loan was secured via a fixed and floating charge over the group's assets. The company entered into a loan of £750,000 repayable in annual instalments, on 30 June 2002. Interest was payable at Bank of Scotland base rate plus 1.75%. The loan was repaid in full on 24 July 2003.

**Obligations under finance leases and hire purchase contracts are analysed between amounts payable:**

	Group 2003 £000	Group 2002 £000
In the next year	166	130
In the second to fifth years inclusive	286	318
	<u>452</u>	<u>448</u>

Finance leases and hire purchase contracts are secured by the related asset financed.

**Deferred acquisition consideration is analysed between amounts payable:**

	Group 2003 £000	Group 2002 £000
In one year	65	65
In two to five years inclusive	258	260
After five years	107	157
	<u>430</u>	<u>482</u>

#### **Deferred government grants**

Included in accruals and deferred income are deferred government grants which are credited to the profit and loss account as follows:

	Group 2003 £000	Group 2002 £000
In one year	–	7

## Notes to the financial statements

at 30 September 2003

### 17. Called up share capital

	2003 £000	2002 £000
--	--------------	--------------

*Authorised:*

2,055,396 ordinary shares of 25p each (2002: 13,055,342 shares)	514	3,264
---	-----	-------

*Called up, allotted and fully paid:*

1,507,650 ordinary shares of 25p each (2002: 1,055,838 shares)	377	264
--	-----	-----

On 13 June 2003 452,261 ordinary shares with aggregated nominal value of £113,065 were issued at £5.97 per share to the Trustees of MJS De Haan 1989 Settlement.

### 18. Combined statement of movements in shareholders' funds and statement of movement on reserves

<i>Group</i>	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Capital redemption reserve £000</i>	<i>Profit and loss account £000</i>	<i>2003 Total £000</i>	<i>2002 Total £000</i>
At start of the year	264	–	3,000	(1,232)	2,032	8,926
Issue of shares	113	2,587	–	–	2,700	3,000
Loss retained for the year	–	–	–	(3,784)	(3,784)	(6,894)
Redemption of shares	–	–	–	–	–	(3,000)
At end of the year	377	2,587	3,000	(5,016)	948	2,032
<i>Company</i>	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Capital redemption reserve £000</i>	<i>Profit and loss account £000</i>	<i>2003 Total £000</i>	<i>2002 Total £000</i>
At start of the year	264	–	3,000	(3,718)	(454)	15,271
Issue of shares	113	2,587	–	–	2,700	3,000
Loss retained for the year	–	–	–	(1,244)	(1,244)	(15,725)
Redemption of shares	–	–	–	–	–	(3,000)
At end of the year	377	2,587	3,000	(4,962)	1,002	(454)

## Notes to the financial statements

at 30 September 2003

### 19. Operating lease commitments

At 30 September 2003 the group was committed to making the following payments during the next year in respect of operating leases:

	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>2003</i>	<i>2003</i>	<i>2002</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Leases which expire:				
Within one year	–	34	45	70
In two to five years	–	273	561	236
In over five years	834	–	190	–
	<u>834</u>	<u>307</u>	<u>796</u>	<u>306</u>

### 20. Reconciliation of consolidated operating loss to group net cash outflow from operating activities

	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>
Operating loss	(3,851)	(7,788)
Depreciation charge	932	1,346
(Profit)/loss on disposal of fixed assets	(5)	385
Goodwill written off	153	1,113
Impairment of fixed assets	49	1,915
Profit on disposal of subsidiaries	–	(7,281)
Decrease of stock	109	810
Increase in debtors	(144)	(2,932)
(Decrease)/increase in creditors	(454)	4,216
<b>Net cash outflow from operating activities</b>	<u>(3,211)</u>	<u>(8,216)</u>

# Notes to the financial statements

at 30 September 2003

## 21. Reconciliation of net cash flow to movement in net debt

	2003 £000	2002 £000
(Decrease)/increase in cash in year	(2,207)	4,379
Cash outflow from decrease in hire purchase financing	160	130
Cash outflow from (drawdown)/repayment of bank loans	(867)	750
Cash inflow from loan from Chairman	–	(6,713)
Repayment of chairman's loan	4,223	–
Change in net funds resulting from cash flows	1,309	(1,454)
Additional hire purchase contracts	(164)	(250)
Total movement in net funds in the year	1,145	(1,704)
Net debt at beginning of period	(5,907)	(4,203)
Net debt at 30 September	(4,762)	(4,203)

## 22. Analysis of net funds

	2002 £000	Cash flow £000	Other non-cash changes £000	2003 £000
Cash at bank	1,254	(1,254)	–	–
Bank overdraft	–	(953)	–	(953)
	1,254	(2,207)	–	(953)
Obligations under hire purchase contracts	(448)	160	(164)	(452)
Bank loans	–	(867)	–	(867)
Loan from Chairman	(6,713)	4,223	–	(2,490)
	(5,907)	1,309	(164)	(4,762)

## Notes to the financial statements

at 30 September 2003

### 23. Additional information on subsidiaries

The principal subsidiary undertakings at the balance sheet date, all of which are incorporated in England and Wales, are shown below:

<i>Subsidiary undertakings</i>	<i>Activity</i>	<i>Percentage of shares voting rights held %</i>
Opus Trust Limited*	Holding company	100
ADM Group Mailing Services Limited	Direct marketing	100
ADM Mailing Limited	Direct marketing	100
ADM Fulfilment Limited	Direct marketing	100
Opus Trust Marketing Limited	Direct marketing holding company	100
Optecon Limited	Transactional mailing	100
Versatile Furniture Solutions Limited	Office furniture	100
D H Property Investments Limited	Property investment	100

\* held directly by Opus Portfolio Limited

### 24. Acquisition

On 28 March 2003 the group acquired the remaining 42% shareholding in Optecon Limited, for a consideration of £1,550,000. This company is involved in transactional mail.

Details of the acquisition are as follows:

	<i>£</i>
Net assets acquired (42% of £2,480,000)	1,041,785
Goodwill arising on consolidation	613,756
	<u>1,655,541</u>
Satisfied by consideration of:	
Cash	1,550,000
Acquisition expenses	105,541
	<u>1,655,541</u>

### 25. Contingent liabilities

The company has guaranteed the bank facilities of the companies within the Opus Portfolio Limited Group, the Opus Systems Limited Group and the H & H Bancroft Wines Limited Group. The extent of this liability at the balance sheet date was £1,240,000 (2002: £484,103). The directors consider that the likelihood of crystallisation of this liability is remote.

### 26. Related party transactions

On 30 September 2002 the Group sold its subsidiaries Opus Systems Limited and H & H Bancroft Wines Limited. These groups remain under common control with the Opus Portfolio Limited Group. Amounts owed to or by these companies are disclosed in notes 13 and 14.

### 27. Ultimate controlling party

The ultimate controlling party is P C De Haan, the Chairman of Opus Portfolio Limited.