

Company Registration No. 3782941

OPUS PORTFOLIO LIMITED

Report and Financial Statements

30 September 2001



REPORT AND FINANCIAL STATEMENTS 2001

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P C De Haan – Chairman
A Farley – Non-Executive Director
J D Randall
P J Stone – Non-Executive Director

SECRETARY

J D Randall

REGISTERED OFFICE

Unit 3
Eurogate Business Park
Ashford
Kent
TN24 8XW

SOLICITORS

Nabarro Nathanson
Lacon House
Theobald's Road
London
WC1X 8RW

BANKERS

The Bank of Scotland plc
The Mound
Edinburgh
EH1 1YZ

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London
EC2A 2HA

AUDITORS

Deloitte & Touche
Global House
High Street
Crawley
West Sussex
RH10 1DL

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2001.

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.

Since the year end a further £3 million of share capital has been injected into the business. The group has also invested £3 million for a 58% stake in Optecon Limited. Full details of these two post balance sheet events are detailed in note 25.

The directors are confident that the coming year will again show a significant increase in the turnover of the group's continuing operations.

DIVIDENDS

The directors do not recommend the payment of a dividend (2000 – £Nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their beneficial interest in the shares of the company at 30 September 2001 were as follows:

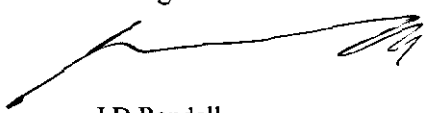
		Ordinary shares of 25p each at 1 October 2000 and 30 September 2001
I D Bowen	(Resigned 10 May 2001)	-
P C De Haan		967,889 *
A Farley	(Appointed 1 April 2001)	-
J D Randall		-
P J Stone		-

* Included in this amount are 384,684 held in family trusts. P C De Haan has no beneficial interest in the shares held in these trusts.

AUDITORS

A resolution to reappoint Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



J D Randall
Secretary

23 January 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the group as at the end of the financial year and of the profit or loss of the group for that year. 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; 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 financial statements of Opus Portfolio Limited for the year ended 30 September 2001 which comprise the profit and loss account, the balance sheets, the cash flow statement and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom legal and regulatory requirements and 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 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 company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

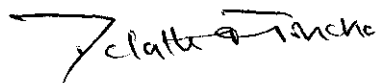
Basis of audit opinion

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 circumstances of the company and the group, 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 the group as at 30 September 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and
Registered Auditors

14 February 2002

Global House
High Street
Crawley
West Sussex
RH10 1DL

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2001

		Year ended 30 September 2001 £'000	Period from 4 June 1999 to 30 September 2000 £'000
	Note		
TURNOVER			
Continuing operations		18,171	6,211
Discontinued operations		340	469
TOTAL TURNOVER	2,3	18,511	6,680
Cost of sales		(13,422)	(4,986)
GROSS PROFIT		5,089	1,694
Administrative expenses		(14,880)	(10,027)
OPERATING LOSS BEFORE SHARE OF PARTICIPATING INTEREST			
Continuing operations		(8,450)	(7,347)
Discontinued operations		(1,341)	(986)
TOTAL OPERATING LOSS BEFORE SHARE OF PARTICIPATING INTEREST	4	(9,791)	(8,333)
SHARE OF PARTICIPATING INTEREST		429	1,010
TOTAL OPERATING LOSS		(9,362)	(7,323)
Other interest receivable and similar income		107	438
Interest payable and similar charges	6	(184)	(33)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(9,439)	(6,918)
Tax (charge)/credit on loss on ordinary activities	7	(5)	106
RETAINED LOSS FOR THE FINANCIAL YEAR	18	(9,444)	(6,812)

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 2001

	Note	2001 £'000	2001 £'000	2000 (as restated see note 18) £'000
FIXED ASSETS				
Intangible assets	9		945	1,828
Tangible assets	10		3,066	3,902
Investments	11		6,206	7,577
			<u>10,217</u>	<u>13,307</u>
CURRENT ASSETS				
Freehold property for resale		-		105
Stocks	12	1,878		1,585
Debtors	13	5,096		4,110
Cash at bank and in hand		84		4,258
		<u>7,058</u>		<u>10,058</u>
CREDITORS: amounts falling due within one year	14	<u>(7,242)</u>		<u>(4,456)</u>
NET CURRENT (LIABILITIES)/ASSETS			<u>(184)</u>	<u>5,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,033	18,909
CREDITORS: amounts falling due after more than one year	15		<u>(1,107)</u>	<u>(539)</u>
NET ASSETS			<u>8,926</u>	<u>18,370</u>
CAPITAL AND RESERVES				
Called up share capital	17,18		264	264
Special reserve	18		6,100	7,460
Profit and loss account	18		2,562	10,646
TOTAL EQUITY SHAREHOLDERS' FUNDS	18		<u>8,926</u>	<u>18,370</u>

These financial statements were approved by the Board of Directors on 23 January 2002

Signed on behalf of the Board of Directors


P C De Haan
Director


J D Randall
Director

COMPANY BALANCE SHEET

At 30 September 2001

	Note	2001 £'000	2001 £'000	2000 (as restated see note 18) £'000
FIXED ASSETS				
Tangible assets	10		1,611	2,334
Investments	11		16,165	17,539
			<u>17,776</u>	<u>19,873</u>
CURRENT ASSETS				
Debtors	13	6,041		5,228
Cash at bank and in hand		<u>1</u>		<u>669</u>
		6,042		5,897
CREDITORS: amounts falling due within one year	14	<u>(8,022)</u>		<u>(1,185)</u>
NET CURRENT (LIABILITIES)/ASSETS			<u>(1,980)</u>	<u>4,712</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,796	24,585
CREDITORS: amounts falling due after more than one year	15		<u>(525)</u>	<u>-</u>
TOTAL NET ASSETS			<u>15,271</u>	<u>24,585</u>
CAPITAL AND RESERVES				
Called up share capital	17, 18		264	264
Special reserve	18		6,100	7,460
Profit and loss account	18		<u>8,907</u>	<u>16,861</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>15,271</u>	<u>24,585</u>

These financial statements were approved by the Board of Directors on 23 January 2002

Signed on behalf of the Board of Directors

P C De Haan
Director

J D Randall
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2001

	Note	Year ended 30 September 2001 £'000	Year ended 30 September 2001 £'000	Period from 4 June 1999 to 30 September 2000 £'000
NET CASH OUTFLOW FROM				
OPERATING ACTIVITIES	20		(8,940)	(8,738)
DIVIDEND FROM PARTICIPATING				
INTEREST			1,800	18,559
RETURNS ON INVESTMENTS AND				
SERVICING OF FINANCE				
Interest paid		(150)		(21)
Interest element of finance lease rentals		(34)		(12)
Interest received		107		438
			(77)	405
TAXATION				
UK corporation tax paid		(49)		(34)
UK corporation tax refunded		67		-
			18	(34)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		(1,449)		(2,610)
Sale of fixed assets		572		-
			(877)	(2,610)
ACQUISITIONS				
Purchase of subsidiary undertakings		(68)		(2,843)
Net cash acquired with subsidiaries		-		(341)
			(68)	(3,184)
Net cash (outflow)/inflow before financing			(8,144)	4,398
FINANCING				
Finance lease drawdowns		314		-
Capital element of finance lease rentals		(230)		(76)
Drawdown/(repayment) of bank loans		750		(136)
Net cash inflow/(outflow) from financing			834	(212)
(DECREASE)/INCREASE IN NET CASH IN				
YEAR/PERIOD	21		(7,310)	4,186

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

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 2001.

Tangible fixed assets

Depreciation is provided by equal instalments on cost over the estimated useful lives of assets as follows:

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

Investments

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

Stocks

Stocks 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 taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

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.

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

ACCOUNTING POLICIES (continued)

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

Intangible assets comprise purchased goodwill, which is being amortised over its estimated useful life which the directors consider to be three years.

2. TURNOVER

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

Class of Business and geographic analysis	Europe £'000	UK £'000	Year ended 30 September 2001	Period from 16 July 1999 to 30 September 2000
			Total £'000	£'000
Direct marketing	-	8,066	8,066	3,044
Computer software and telecommunications				
- Continuing operations	1,368	3,121	4,489	756
- Discontinued operations	-	340	340	469
Wine merchandising and design	-	5,616	5,616	2,300
Other	-	-	-	111
	<u>1,368</u>	<u>17,143</u>	<u>18,511</u>	<u>6,680</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 2000 was derived from the United Kingdom.

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

3. ANALYSIS OF CONTINUING AND DISCONTINUED OPERATIONS

	2001 Continuing £'000	2001 Discontinued £'000	2001 Total £'000	2000 Continuing £'000	2000 Discontinued £'000	2000 Total £'000
Turnover	18,171	340	18,511	6,211	469	6,680
Cost of sales	(12,952)	(470)	(13,422)	(4,609)	(377)	(4,986)
Gross profit/(loss)	5,219	(130)	5,089	1,602	92	1,694
Administrative expenses	(13,669)	(1,211)	(14,880)	(8,949)	(1,078)	(10,027)
Operating loss	(8,450)	(1,341)	(9,791)	(7,347)	(986)	(8,333)

4. OPERATING LOSS

	Year ended 30 September 2001 £'000	Period from 4 June 1999 to 30 September 2000 £'000
Operating loss is stated after charging:		
Amortisation of goodwill:		
Charge for the year/period	808	429
Impairment	54	300
Operating lease rentals:		
Plant & machinery	433	186
Other	1,081	735
Exceptional costs incurred on business acquisition	-	424
Depreciation of tangible fixed assets:		
Own assets	928	434
Leased Assets	96	43
Auditors' remuneration:		
Audit fees	58	58
Other services	31	11

NOTES TO THE ACCOUNTS
For the year ended 30 September 2001

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 September 2001 £'000	Period from 4 June 1999 to 30 September 2000 £'000
Staff costs (including directors):		
Wages and salaries	9,719	4,764
Social security costs	983	496
Other pension costs	23	24
	<u>10,725</u>	<u>5,284</u>
	No.	No.
The average monthly number of employees during the year/period:		
Production	231	287
Sales and distribution	23	25
Administration	101	96
	<u>355</u>	<u>408</u>
	£'000	£'000
Staff costs include the following in respect of the directors:		
Directors' salaries	521	508
Directors' fees	31	8
	<u>552</u>	<u>516</u>
	£'000	£'000
Highest paid director:		
Salary	<u>319</u>	<u>351</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 September 2001 £'000	Period from 4 June 1999 to 30 September 2000 £'000
On bank loans and overdrafts	139	14
Finance leases and hire purchase contracts	34	12
Other interest payable	11	7
	<u>184</u>	<u>33</u>

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

7. TAX CHARGE/(CREDIT) ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 September 2001 £'000	Period from 4 June 1999 to 30 September 2000 £'000
Taxation recoverable on losses	-	(59)
Deferred taxation	-	(70)
	-	(129)
Adjustment in respect of provisions on acquisition	-	(33)
Adjustments relating to prior years	5	-
	5	(162)
Participating interest	-	56
	5	(106)

There is no tax credit as the group has made losses for which there is no tax relief available immediately. The losses are being carried forward for offset in future periods.

8. RESULTS OF THE PARENT UNDERTAKING

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent undertaking is not presented as part of these accounts. The parent company's loss for the financial year amounted to £9,314,000 (2000 - loss of £598,000).

9. INTANGIBLE ASSETS

	Group 2001 £'000
Goodwill	
Cost	
At 1 October 2000	2,558
Adjustment to fair value of consideration paid	(21)
At 30 September 2001	2,537
Accumulated amortisation	
At 1 October 2000	730
Charge for the year	808
Impairment	54
At 30 September 2001	1,592
Net book value	
At 30 September 2001	945
At 30 September 2000	1,828

NOTES TO THE ACCOUNTS
For the year ended 30 September 2001

10. TANGIBLE FIXED ASSETS

THE GROUP	Short-term leasehold improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 1 October 2000	1,107	1,539	994	2,107	5,747
Additions	239	511	57	-	807
Disposals	-	(147)	(715)	(107)	(969)
At 30 September 2001	1,346	1,903	336	2,000	5,585
Accumulated depreciation					
At 1 October 2000	111	781	345	608	1,845
Charge for the year	239	159	97	529	1,024
Disposals	-	(110)	(195)	(45)	(350)
At 30 September 2001	350	830	247	1,092	2,519
Net book value					
At 30 September 2001	996	1,073	89	908	3,066
At 30 September 2000	996	758	649	1,499	3,902

The net book value of the group's plant and machinery, motor vehicles and fixtures and fittings includes assets with a cost of £907,000 (2000 - £667,000) and net book value of £655,000 (2000 - £452,000) held under hire purchase and finance lease arrangements. Depreciation charged in the year was £96,000 (2000 - £43,000).

THE COMPANY	Short-term leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 October	1,024	656	851	2,531
Additions	239	36	-	275
Disposals	-	(560)	(137)	(697)
At 30 September 2001	1,263	132	714	2,109
Accumulated depreciation				
At 1 October	44	90	63	197
Charge for the year	233	60	82	375
Disposals	-	(74)	-	(74)
At 30 September 2001	277	76	145	498
Net book value				
At 30 September 2001	986	56	569	1,611
At 30 September 2000	980	566	788	2,334

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

11. INVESTMENTS HELD AS FIXED ASSETS

GROUP: PARTICIPATING INTERESTS

	Total £'000
Cost	
At 1 October 2000 and 30 September 2001	25,182
Impairment	
At 1 October 2000	17,605
Charge for the year	1,371
At 30 September 2001	18,976
Net book value	
At 30 September 2001	6,206
At 30 September 2000	7,577

The above investment represents the company's interest in Opus 101 Limited which is accounted for by the equity method in the consolidated accounts. The investment was originally recorded at fair value based upon the discounted cash flows the directors expect to receive from it. Opus 101 has an investment of 2,110,000 preferred ordinary shares of 25p each in Saga Leisure Limited. These preferred ordinary shares carry residual rights to 7 annual payments of £4,285,000 commencing 30 June 2002 and a further total amount of £7.2 million payable on a reducing balance basis over the period to June 2008. The preferred ordinary shares, which are not redeemable, carry no voting rights unless scheduled payments fall into arrears. There is a further contingency right to payment in the event that certain ordinary shares of Saga Leisure Limited are sold to a third party. The 'A' ordinary shares of Opus 101 Limited in turn carry the right to residual fixed cumulative preferred dividends of £7.2 million on a reducing balance basis over the period to June 2008.

During the period the company received dividends from Opus 101 Limited amounting to £1,800,000 (2000 - £18,559,000).

The directors have recognised an impairment of the investment in Opus 101 by reference to the projected future discounted cashflows they expect to derive from it.

COMPANY	Participating interests £'000	Subsidiary undertakings £'000	Total £'000
Cost			
At 1 October 2000	25,182	10,000	35,182
Additions	-	10,000	10,000
At 30 September 2001	25,182	20,000	45,182
Impairment			
At 1 October 2000	17,643	-	17,643
Charge for the year	1,374	10,000	11,374
At 30 September 2001	19,017	10,000	29,017
Net book value			
At 30 September 2001	6,165	10,000	16,165
At 30 September 2000	7,539	10,000	17,539

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

11. INVESTMENTS HELD AS FIXED ASSETS (continued)

In the company accounts the participating interest (shares in Opus 101 Limited) is accounted for at fair value on acquisition less provision for any impairment in value.

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

	Group 2001 £'000	Group 2000 £'000
Raw materials and consumables	139	203
Finished goods and goods for resale	1,739	1,382
	<u>1,878</u>	<u>1,585</u>

13. DEBTORS

	Group 2001 £'000	Group 2000 £'000	Company 2001 £'000	Company 2000 £'000
Trade debtors	3,731	2,673	6	-
Amounts owed by group undertakings	-	-	5,722	4,901
Other debtors	322	378	27	129
Corporation tax recoverable	2	73	-	-
Prepayments and accrued income	931	986	245	198
Other taxes and social security	110	-	41	-
	<u>5,096</u>	<u>4,110</u>	<u>6,041</u>	<u>5,228</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2001 £'000	Group 2000 £'000	Company 2001 £'000	Company 2000 £'000
Bank loan and overdrafts (see note 16)	3,433	72	5,271	-
Obligations under finance lease and hire purchase contracts (see note 16)	119	181	-	-
Trade creditors	1,317	2,265	121	491
Amounts due to group undertakings	-	-	2,264	-
Current corporation tax	-	47	-	-
Other taxes and social security	757	407	229	210
Other creditors	123	122	9	49
Accruals and deferred income	1,429	1,298	128	435
Deferred acquisition consideration (see note 16)	64	64	-	-
	<u>7,242</u>	<u>4,456</u>	<u>8,022</u>	<u>1,185</u>

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2001 £'000	Group 2000 £'000	Company 2001 £'000	Company 2000 £'000
Bank loan (see note 16)	525	-	525	-
Obligations under finance leases and hire purchase contracts (see note 16)	209	64	-	-
Deferred acquisition consideration (see note 16)	366	455	-	-
Accruals and deferred income (see note 16)	7	20	-	-
	<u>1,107</u>	<u>539</u>	<u>525</u>	<u>-</u>

16. BORROWINGS AND DEFERRED INCOME

Analysis of loans and overdrafts

	Group 2001 £'000	Group 2000 £'000	Company 2001 £'000	Company 2000 £'000
Within one year	3,433	72	5,271	-
In two to five years inclusive	525	-	525	-
	<u>3,958</u>	<u>72</u>	<u>5,796</u>	<u>-</u>

The bank loan and overdraft are 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 commencing on 30 June 2002. Interest is payable at Bank of Scotland base rate plus 1.75%.

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

	Group 2001 £'000	Group 2000 £'000
In the next year	119	181
In the second and fifth years inclusive	209	64
	<u>328</u>	<u>245</u>

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

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

16. BORROWINGS AND DEFERRED INCOME (continued)

Deferred acquisition consideration is analysed between amounts payable:

	Group 2001 £'000	Group 2000 £'000
In one year	64	64
In two to five years inclusive	228	228
After five years	138	227
	<u>430</u>	<u>519</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 2001 £'000	Group 2000 £'000
In one year	13	13
In two to five years inclusive	7	20
	<u>20</u>	<u>33</u>

17. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised		
1,055,000 ordinary shares of 25p each	<u>264</u>	<u>264</u>
Called up, allotted and fully paid		
1,055,000 ordinary shares of 25p each	<u>264</u>	<u>264</u>

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

18. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

				Year ended 30 September 2001 Total £'000	Period from 4 June 1999 to 30 September 2000 Total £'000
	Share capital £'000	Special reserve £'000	Profit and loss account £'000		
THE GROUP					
At start of the year/period					
- as previously stated	264	6,989	11,117	18,370	-
- prior period restatement	-	471	(471)	-	-
- as restated	264	7,460	10,646	18,370	-
Issue of shares	-	-	-	-	25,182
Loss retained for the year/period	-	-	(9,444)	(9,444)	(6,812)
Reserve transfer	-	(1,360)	1,360	-	-
At end of the year/period	264	6,100	2,562	8,926	18,370

				Year ended 30 September 2001 Total £	Period from 4 June 1999 to 30 September 2000 Total £
	Share capital £'000	Special reserve £	Profit and loss account £		
THE COMPANY					
At start of the year/period					
- as previously stated	264	6,989	17,332	24,585	-
- prior period restatement	-	471	(471)	-	-
- as restated	264	7,460	16,861	24,585	-
Issue of shares	-	-	-	-	25,182
Profit/(Loss) retained for the year/period	-	-	(9,314)	(9,314)	(597)
Reserve transfer	-	(1,360)	1,360	-	-
At end of the year/period	264	6,100	8,907	15,271	24,585

At an extraordinary general meeting of the company held on 1 October 1999 a resolution was passed that the sum of £24,918,000 standing to the credit of the share premium account be cancelled and from this a special reserve was created. This special reserve is to be applied in setting off the amount of any debit to the profit and loss account arising out of the impairment of the Opus 101 Limited shares.

NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

18. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES (continued)

Prior period restatement

The prior period restatement represents a change to more accurately match the release from the special reserve to the profit and loss account against the associated investment impairment.

The prior period restatement does not result in any change to the net assets of the company or the group at 30 September 2001 and 30 September 2000, nor does it result in any change to the profits or losses retained in either period.

19. OPERATING LEASE COMMITMENTS

At 30 September 2001 the group was committed to making the following payments during the next year in respect of operating leases:

Leases which expire:	Land and buildings 2001 £'000	Other 2001 £'000	Land and buildings 2000 £'000	Other 2000 £'000
Within one year	24	47	-	142
Within two to five years	891	555	746	180
After five years	92	-	180	19
	<u>1,007</u>	<u>602</u>	<u>926</u>	<u>341</u>

20. RECONCILIATION OF CONSOLIDATED OPERATING LOSS TO GROUP NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2001 £'000	2000 £'000
Operating loss	(9,791)	(8,333)
Depreciation charge	1,024	477
Amortisation of goodwill	862	729
Loss on disposal of assets	20	-
Disposal of property held for resale	105	-
Increase in stock	(293)	(715)
Increase in debtors	(1,057)	(1,617)
Increase in creditors	190	721
Net cash outflow from operating activities	<u>(8,940)</u>	<u>(8,738)</u>

NOTES TO THE ACCOUNTS
For the year ended 30 September 2001

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	2001 £'000	2000 £'000
Increase/(decrease) in cash in year	(7,310)	4,186
Bank loans	(750)	-
Cash outflow from decrease/(increase) in hire purchase financing	230	76
Change in net funds resulting from cash flows	(7,830)	4,262
Hire purchase contracts acquired with subsidiaries	-	(321)
New finance leases	(314)	-
Total movement in net funds in the period	(8,144)	3,941
Net funds at beginning of period	3,941	-
Net (debt)/funds at 30 September	(4,203)	3,941

22. ANALYSIS OF NET FUNDS

	2000 £'000	Cash Flow £'000	Other non-cash changes £'000	2001 £'000
Cash at bank	4,258	(4,174)	-	84
Bank overdraft	(72)	(3,136)	-	(3,208)
	4,186	(7,310)	-	(3,124)
Obligations under hire purchase contracts	(245)	230	(314)	(329)
Bank loans	-	(750)	-	(750)
	3,941	(7,830)	(314)	(4,203)

NOTES TO THE ACCOUNTS
For the year ended 30 September 2001

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.

Subsidiary undertakings	Activity	Percentage of shares and voting rights held %
Opus Trust Limited*	Holding company	100
TIA Systems Limited	Insurance software	100
Opus Systems Limited	IT holding company	100
ADM Group Mailing Services Limited	Direct marketing	100
Opus Trust Marketing Limited (formerly Opus Direct Marketing Limited)	Direct marketing holding company	100
Versatile Furniture Solutions Limited	Office furniture	100
H & H Bancroft Limited	Wine merchants	100
Eurowide Telecoms Limited	Telephone services	100
Opus 101 Limited	Investment Company	50.0002

* held directly by Opus Portfolio Limited

24. ULTIMATE CONTROLLING PARTY

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

25. POST BALANCE SHEET EVENTS

On 24 October 2001 the shareholders injected a further £3 million of share capital in the form of redeemable convertible preference shares. These shares carry a cumulative coupon of 15% per annum and are redeemable at par on 24 October 2010 or prior to that date at the option of the company.

On 16 November 2001 the group invested £3 million for a 58% shareholding in Optecon Limited. This company is involved in transactional mail, the other shareholder being Consignia plc.