

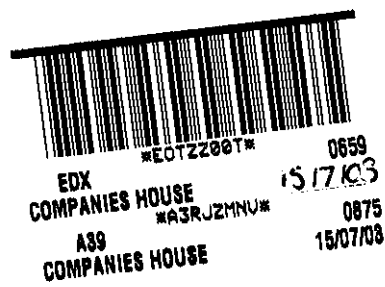
3782941

## Opus Portfolio Limited

### Report and Financial Statements

30 September 2002

 ERNST & YOUNG



20.07.03-119

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**

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

Taylor Wessing  
Carmelite  
50 Victoria Embankment  
London  
EC4Y 0DX

**Registered Office**

Unit 3  
Eurogate Business Park  
Ashford  
Kent  
TN24 8XW

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 September 2002.

### 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.

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

At the year end the two businesses of selling and installing computer systems and the wine merchant business were demerged from the group and during the year the telecoms business and the investment in Opus 101 Limited were sold. A joint venture company with the Royal Mail operating in the transactional mail business was set up and invested in during the year.

### Dividends

The directors do not recommend the payment of a dividend (2001: £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 2002 were as follows:

		<i>Ordinary shares of 25p each</i>	
		<i>30 September</i>	<i>30 September</i>
		<i>2002</i>	<i>2001</i>
P C De Haan		967,889*	967,889*
A Farley		—	—
J D Randall	(resigned 1 July 2002)	—	—
P J Stone		—	—
A C Lavery	(appointed 1 July 2002)	—	—

\*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

Deloitte & Touche resigned as auditors on 28 November 2002 and Ernst & Young LLP were appointed in their place. 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

25 MARCH 2003

## **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 2002 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance sheet, Consolidated Cash Flow Statement and the related notes 1 to 26. 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 2002 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

*25 March 2003*

**Consolidated profit and loss account**

for the year ended 30 September 2002

	Notes	2002 £000	2001 £000
<b>Turnover</b>			
Continuing operations:			
ongoing		5,603	8,066
acquisition		7,847	–
		<hr/>	<hr/>
		13,450	8,066
Discontinued operations		8,396	10,445
		<hr/>	<hr/>
<b>Group turnover</b>	2,3	21,846	18,511
Cost of sales		(19,624)	(13,422)
		<hr/>	<hr/>
<b>Gross profit</b>		2,222	5,089
Administrative expenses		(10,010)	(14,880)
		<hr/>	<hr/>
<b>Operating loss before share of participating interest</b>			
Continuing operations:			
ongoing		(3,786)	(6,517)
acquisition		(2,226)	–
		<hr/>	<hr/>
		(6,012)	(6,517)
Discontinued operations		(1,776)	(3,274)
		<hr/>	<hr/>
<b>Total operating loss before share of participating interest</b>	4	(7,788)	(9,791)
Dividends receivable from participating interest		378	429
		<hr/>	<hr/>
<b>Total operating loss</b>		(7,410)	(9,362)
Other interest receivable and similar income		130	107
Interest payable and similar charges	6	(530)	(184)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(7,810)	(9,439)
Tax credit/(charge) on loss on ordinary activities	7	1	(5)
		<hr/>	<hr/>
<b>Loss after tax</b>		(7,809)	(9,444)
Minority interests		915	–
		<hr/>	<hr/>
<b>Retained loss for the financial year</b>	18	(6,894)	(9,444)
		<hr/>	<hr/>

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 2002

	Notes	2002 £000	2001 £000
<b>Fixed assets</b>			
Intangible assets	9	–	945
Tangible assets	10	5,901	3,066
Investments	11	–	6,206
		<u>5,901</u>	<u>10,217</u>
<b>Current assets</b>			
Stocks	12	281	1,878
Debtors	13	9,717	5,096
Cash at bank and in hand		1,254	84
		<u>11,252</u>	<u>7,058</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(6,362)</u>	<u>(7,242)</u>
<b>Net current assets/(liabilities)</b>		<u>4,890</u>	<u>(184)</u>
<b>Total assets less current liabilities</b>		<u>10,791</u>	<u>10,033</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(7,448)</u>	<u>(1,107)</u>
Minority interests - equity		<u>(1,311)</u>	<u>–</u>
		<u>2,032</u>	<u>8,926</u>
<b>Capital and reserves</b>			
Called up share capital	17,18	264	264
Special reserve	18	–	6,100
Capital redemption reserve	18	3,000	–
Profit and loss account	18	(1,232)	2,562
<b>Total equity shareholders' funds</b>		<u>2,032</u>	<u>8,926</u>

These financial statements were approved by the Board of Directors on

25/3/03

Signed on behalf of the Board of Directors


 Director

Director

# Company balance sheet

at 30 September 2002

	Notes	2002 £000	2001 £000
<b>Fixed assets</b>			
Tangible assets	10	161	1,611
Investments	11	6,000	16,165
		<u>6,161</u>	<u>17,776</u>
<b>Current assets</b>			
Debtors	13	1,895	6,041
Cash at bank and in hand		–	1
		<u>1,895</u>	<u>6,042</u>
<b>Creditors: amounts falling due within one year</b>	14	(1,797)	(8,022)
		<u>98</u>	<u>(1,980)</u>
<b>Net current assets/(liabilities)</b>		<u>6,259</u>	<u>15,796</u>
<b>Total assets less current liabilities</b>		<u>6,259</u>	<u>15,796</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(6,713)	(525)
<b>Total net assets</b>		<u>(454)</u>	<u>15,271</u>
<b>Capital and reserves</b>			
Called up share capital	17,18	264	264
Special reserve	18	–	6,100
Capital redemption reserve	18	3,000	–
Profit and loss account	18	(3,718)	8,907
<b>Total equity shareholders' funds</b>		<u>(454)</u>	<u>15,271</u>

ERNST & YOUNG

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

Director

Director

25/3/02



**Consolidated cash flow statement**

for the year ended 30 September 2002

	<i>Notes</i>	<i>2002 £000</i>	<i>2001 £000</i>
<b>Net cash outflow from operating activities</b>	20	(8,216)	(8,940)
<b>Dividends received</b>		1,835	1,800
<b>Returns on investments and servicing of finance</b>			
Interest paid		(440)	(150)
Interest element of finance lease rentals		(28)	(34)
Interest received		120	107
		(348)	(77)
<b>Taxation</b>			
UK corporation tax paid		–	(49)
UK corporation tax refunded		1	67
		1	18
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(4,313)	(1,449)
Sale of fixed assets		33	572
		(4,280)	(877)
<b>Acquisitions</b>			
Sale of subsidiary undertakings		6,000	–
Net overdrafts disposed of with subsidiary undertakings		3,546	–
Purchase of subsidiary undertaking		(3,242)	(68)
Net cash acquired with subsidiary undertaking		3,000	–
		9,304	(68)
<b>Net cash outflow before financing</b>		(1,704)	(8,144)
<b>Financing</b>			
Finance lease drawdowns		250	314
Capital element of finance lease rentals		(131)	(230)
(Repayment)/drawdown of bank loans		(750)	750
New long term loan		6,713	–
Issue of preference share capital		3,000	–
Redemption of preference shares		(3,000)	–
<b>Net cash inflow from financing</b>		6,082	834
<b>Increase/(decrease in net cash in year)</b>	22	4,378	(7,310)

# Notes to the financial statements

at 30 September 2002

## 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 2002.

### 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 2002

### 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 2002

### 2. Turnover

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

<i>Class of Business and geographic analysis</i>	<i>2002</i>		<i>2001</i>	
	<i>Europe</i>	<i>UK</i>	<i>Total</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Direct marketing				
- continuing operations	–	13,450	13,450	8,066
Computer software and telecommunications				
- discontinued operations	1,369	2,267	3,636	4,829
Wine merchandising and design				
- discontinued	–	4,760	4,760	5,616
	<u>1,369</u>	<u>20,477</u>	<u>21,846</u>	<u>18,511</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 2002 was derived from the United Kingdom.

### 3. Analysis of continuing and discontinued operations

	<i>2002</i>		<i>2002</i>	<i>2001</i>		<i>2001</i>
	<i>Continuing</i>	<i>Discontinued</i>		<i>Continuing</i>	<i>Discontinued</i>	
	<i>£000</i>	<i>£000</i>	<i>Total</i>	<i>£000</i>	<i>£000</i>	<i>Total</i>
Turnover	13,450	8,396	21,846	8,066	10,445	18,511
Cost of sales	(12,649)	(6,975)	(19,624)	(6,130)	(7,292)	(13,422)
Gross profit	<u>801</u>	<u>1,421</u>	<u>2,222</u>	<u>1,936</u>	<u>3,153</u>	<u>5,089</u>
Administrative expenses	(6,813)	(3,197)	(10,010)	(8,453)	(6,427)	(14,880)
Operating loss	<u>(6,012)</u>	<u>(1,776)</u>	<u>(7,788)</u>	<u>(6,517)</u>	<u>(3,274)</u>	<u>(9,791)</u>

## Notes to the financial statements

at 30 September 2002

### 4. Operating loss

This is stated after charging:

	2002 £000	2001 £000
Amortisation of goodwill:		
charge for the year	–	808
impairment	1,113	54
Operating lease rentals:		
plant and machinery	269	433
other	1,062	1,081
Depreciation of tangible fixed assets		
- own assets	1,301	928
- leased assets	45	96
Auditors' remuneration		
- audit fees	110	58
- other services	21	31
Impairment of fixed assets	1,915	–
Profit on disposal of subsidiaries	(7,281)	–
Loss on disposal of fixed assets	385	20

### 5. Information regarding directors and employees

	2002 £000	2001 £000
Staff costs (including directors):		
Wages and salaries	10,016	9,719
Social security costs	1,010	983
Other pension costs	97	23
	11,123	10,725

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

	2002 No.	2001 No.
Production	330	231
Sales and distribution	23	23
Administration	106	101
	459	355

## Notes to the financial statements

at 30 September 2002

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

Staff costs include the following in respect of the directors:

	2002 £000	2001 £000
Directors' salaries	311	521
Directors' fees	49	31
	<u>360</u>	<u>552</u>
Highest paid director:		
	2002 £000	2001 £000
Salary	<u>197</u>	<u>319</u>

### 6. Interest payable and similar charges

	2002 £000	2001 £000
On bank loans and overdrafts	440	139
Finance leases and hire purchase contracts	28	34
Other interest payable	62	11
	<u>530</u>	<u>184</u>

## Notes to the financial statements

at 30 September 2002

### 7. Tax on loss on ordinary activities

a) There is no tax charge for the period (2001: £5,000).

b) Factors affecting the tax charge for the period

	2002 £000	2001 £000
Loss on ordinary activities before tax	(7,810)	(9,439)
Profit on ordinary activities multiplied by standard rate of corporation tax (30%)	(2,343)	(3,394)
Effects of		
Disallowable expenses for tax purposes	(1,304)	1,311
Non taxable waiver of loan	–	(221)
Deferred tax asset not recognised	3,703	2,400
Loss utilisation	(56)	(96)
Prior year adjustment	(1)	5
	(1)	5

c) Provision for deferred tax

At 30 September 2002 the group had a deferred tax asset of £4.9 million (2001: £3.3 million) as a result of losses carried forward and an asset of £729,000 (2001: £267,000) 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 £15,725,000 (2001: loss £9,314,000).

# Notes to the financial statements

at 30 September 2002

## 9. Intangible assets

<i>Group</i>	2002
Goodwill	£000
Cost:	
At 1 October 2001	2,537
Acquisition (note 24)	168
At 30 September 2002	2,705
Accumulated amortisation:	
At 1 October 2001	1,592
Impairment	1,113
At 30 September 2002	2,705
Net book value:	
At 30 September 2002	—
At 30 September 2001	945

## 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 2001	1,346	1,903	336	2,000	5,585
Additions	3,543	1,306	—	236	5,085
Acquisition of subsidiary undertaking	—	2,250	—	—	2,250
Disposals	(247)	(592)	(301)	(668)	(1,808)
Disposal of subsidiary undertakings	(481)	(39)	—	(918)	(1,438)
At 30 September 2002	4,161	4,828	35	650	9,674
Accumulated depreciation:					
At 1 October 2001	350	830	247	1,092	2,519
Charge for the year	394	595	34	323	1,346
Disposals	(150)	(500)	(255)	(543)	(1,448)
Disposal of subsidiary undertakings	(16)	(5)	—	(538)	(559)
Impairment	1,840	75	—	—	1,915
At 30 September 2002	2,418	995	26	334	3,773
Net book value:					
At 30 September 2002	1,743	3,833	9	316	5,901
At 30 September 2001	996	1,073	89	908	3,066



## Notes to the financial statements

at 30 September 2002

### 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 2001	1,263	132	714	2,109
Additions	2	–	53	55
Disposals	(994)	(97)	(545)	(1,636)
At 30 September 2002	271	35	222	528
Accumulated depreciation:				
At 1 October 2001	277	76	145	498
Charge for the year	227	19	80	326
Disposals	(420)	(68)	(156)	(644)
Impairment	187	–	–	187
At 30 September 2002	271	27	69	367
Net book value:				
At 30 September 2002	–	8	153	161
At 30 September 2001	986	56	569	1,611

# Notes to the financial statements

at 30 September 2002

## 11. Investments held as fixed assets

<i>Group – participating interests</i>	<i>Total £000</i>
Cost:	
At 1 October 2001	25,182
Disposal	(25,182)
	—
Impairment:	
At 1 October 2001	18,976
Charge for the year	1,457
Disposal	(20,433)
	—
At 30 September 2002	—
Net book value:	
At 30 September 2002	—
	—
At 30 September 2001	6,206

The above investment represents the company's interest in Opus 101 Limited which was sold during the year. 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 of £1,835,000 (2001: £1,800,000).

## Notes to the financial statements

at 30 September 2002

### 11. Investments held as fixed assets (continued)

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

<i>Company</i>	<i>Participating interests £000</i>	<i>Subsidiary undertakings £000</i>	<i>Total £000</i>
Cost:			
At 1 October 2001	25,182	20,000	45,182
Additions	–	3,000	3,000
Disposal	(25,182)	–	(25,182)
At 30 September 2002	–	23,000	23,000
Impairment:			
At 1 October 2001	19,017	10,000	29,017
Charge for the year	1,457	7,000	8,457
Disposal	(20,474)	–	(20,474)
At 30 September 2002	–	17,000	17,000
Net book value:			
At 30 September 2002	–	6,000	6,000
At 30 September 2001	6,165	10,000	16,165

In the company accounts the participating interest (share 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.

During the year the company invested a further £3 million in convertible preference shares in Opus Trust Limited.

### 12. Stocks

<i>Group</i>	<i>2002 £000</i>	<i>2001 £000</i>
Raw materials and consumables	274	139
Finished goods and goods for resale	7	1,739
	281	1,878

## Notes to the financial statements

at 30 September 2002

### 13. Debtors

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	2,442	3,731	–	6
Amounts owed by group undertakings	–	–	1,239	5,722
Other debtors	5,677	322	471	27
Corporation tax recoverable	–	2	–	–
Prepayments and accrued income	1,373	931	185	245
Other taxes and social security	225	110	–	41
	<u>9,717</u>	<u>5,096</u>	<u>1,895</u>	<u>6,041</u>

Company other debtors includes £366,546 owed by Opus Systems Limited and £103,970 owed by H & H Bancroft Wines Limited, both related parties under common control.

Group other debtors includes £1,039,645 owed by Opus Systems Limited, £279,138 owed by Adam Bancroft Associates Limited, £100,000 owed by H & H Fine Wines Limited and £40,334 owed by H & H Bancroft Wines Limited, all related parties under common control.

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

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loan and overdrafts (see note 16)	–	3,433	603	5,271
Obligations under finance lease and hire purchase contracts (see note 16)	130	119	–	–
Trade creditors	2,659	1,317	153	121
Amounts due to group undertakings	–	–	–	2,264
Other taxes and social security	526	757	279	229
Other creditors	1,144	123	411	9
Accruals and deferred income (see note 16)	1,838	1,429	351	128
Deferred acquisition consideration (see note 16)	65	64	–	–
	<u>6,362</u>	<u>7,242</u>	<u>1,797</u>	<u>8,022</u>

Company other creditors includes £299,961 owed by Borada Limited, £35,899 owed by Datafonix Limited, £26,017 owed by Database International Limited, £19,498 owed by EQS Associates Limited, £16,607 owed by Eurowide Telemanagement Solutions Limited and £5,265 owed by Adam Bancroft Limited, all related parties under common control.

Group other creditors includes £964,878 owed to TIA Systems Limited, £35,899 owed to Datafonix Limited, £26,017 owed to Database International Limited, £19,498 owed to EQS Associates Limited, £16,605 owed to Eurowide Telemanagement Solutions Limited and £8,052 owed to Borada Limited, all related parties under common control.

## Notes to the financial statements

at 30 September 2002

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

	<i>Group</i> 2002 £000	<i>Group</i> 2001 £000	<i>Company</i> 2002 £000	<i>Company</i> 2001 £000
Bank loan (see note 16)	–	525	–	525
Obligations under finance leases and hire purchase contracts (see note 16)	318	209	–	–
Deferred acquisition consideration (see note 16)	417	366	–	–
Accruals and deferred income (see note 16)	–	7	–	–
Other creditors	6,713	–	6,713	–
	<u>7,448</u>	<u>1,107</u>	<u>6,713</u>	<u>525</u>

Other creditors represents a subordinated, interest free shareholders loan.

### 16. Borrowings and deferred income

Analysis of loans and overdrafts

	<i>Group</i> 2002 £000	<i>Group</i> 2001 £000	<i>Company</i> 2002 £000	<i>Company</i> 2001 £000
Within one year	–	3,433	603	5,271
In two to five years inclusive	–	525	–	525
	<u>–</u>	<u>3,958</u>	<u>603</u>	<u>5,796</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 was payable at Bank of Scotland base rate plus 1.75%. The loans and overdrafts were repaid in full on 24 July 2002.

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

	<i>Group</i> 2002 £000	<i>Group</i> 2001 £000
In the next year	130	119
In the second to fifth years inclusive	318	209
	<u>448</u>	<u>328</u>

## Notes to the financial statements

at 30 September 2002

### 16. Borrowings and deferred income (continued)

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

*Deferred acquisition consideration is analysed between amounts payable:*

	Group 2002 £000	Group 2001 £000
In one year	65	64
In two to five years inclusive	260	228
After five years	157	138
	<u>482</u>	<u>430</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 2002 £000	Group 2001 £000
In one year	7	13
In two to five years inclusive	–	7
	<u>7</u>	<u>20</u>

### 17. Called up share capital

	2002 £000	2001 £000
<i>Authorised:</i>		
13,055,342 ordinary shares of 25p each (2001: 1,055,000 shares)	3,264	264
<i>Called up, allotted and fully paid:</i>		
1,055,000 ordinary shares of 25p each	264	264

## Notes to the financial statements

at 30 September 2002

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

<i>Group</i>	<i>Share capital</i>	<i>Special reserve</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>2002 Total</i>	<i>2001 Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At start of the year	264	6,100	—	2,562	8,926	18,370
Issue of shares	3,000	—	—	—	3,000	—
Loss retained for the year	—	—	—	(6,894)	(6,894)	(9,444)
Reserve transfer	—	(6,100)	—	6,100	—	—
Redemption of shares	(3,000)	—	3,000	(3,000)	(3,000)	—
At end of the year	264	—	3,000	(1,232)	2,032	8,926

<i>Company</i>	<i>Share capital</i>	<i>Special reserve</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>2002 Total</i>	<i>2001 Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At start of the year	264	6,100	—	8,907	15,271	24,585
Issue of shares	3,000	—	—	—	3,000	—
Loss retained for the year	—	—	—	(15,725)	(15,725)	(9,314)
Reserve transfer	—	(6,100)	—	6,100	—	—
Redemption of shares	(3,000)	—	3,000	(3,000)	(3,000)	—
At end of the year	264	—	3,000	(3,718)	(454)	15,271

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. Since the shares in Opus 101 were sold in the year, this balance has been transferred back to the profit and loss account. On 31 October 2001 the preference share capital was issued. It was then redeemed on 16 September 2002.

## Notes to the financial statements

at 30 September 2002

### 19. Operating lease commitments

At 30 September 2002 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>2002</i>	<i>2002</i>	<i>2001</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Leases which expire:				
Within one year	45	70	24	47
In two to five years	561	236	891	555
In over five years	190	—	92	—
	<u>796</u>	<u>306</u>	<u>1,007</u>	<u>602</u>

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

	<i>2002</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>
Operating loss	(7,788)	(9,791)
Depreciation charge	1,346	1,024
Loss on disposal of fixed assets	385	20
Goodwill written off	1,113	862
Disposal of property held for resale	—	105
Impairment of fixed assets	1,915	—
Profit on disposal of subsidiaries	(7,281)	—
Decrease/(increase) of stock	810	(293)
Increase in debtors	(2,932)	(1,057)
Increase in creditors	4,216	190
<b>Net cash outflow from operating activities</b>	<u>(8,216)</u>	<u>(8,940)</u>



# Notes to the financial statements

at 30 September 2002

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

	2002 £000	2001 £000
Increase/(decrease) in cash in year	4,378	(7,310)
Cash outflow from decrease in hire purchase financing	131	230
Cash outflow/(inflow) from repayment/(drawdown) of bank loans	750	(750)
Cash inflow from loan from new long term loan	(6,713)	—
Change in net funds resulting from cash flows	(1,454)	(7,830)
Additional hire purchase contracts	(250)	(314)
Total movement in net funds in the year	(1,704)	(8,144)
Net funds at beginning of period	(4,203)	3,941
Net debt at 30 September	(5,907)	(4,203)

## 22. Analysis of net funds

	2001 £000	Other Cash flow £000	non-cash changes £000	2002 £000
Cash at bank	84	1,170	—	1,254
Bank overdraft	(3,208)	3,208	—	—
	(3,124)	4,378	—	1,254
Obligations under hire purchase contracts	(329)	131	(250)	(448)
Bank loans	(750)	750	—	—
New long term loan	—	(6,713)	—	(6,713)
	(4,203)	(1,454)	(250)	(5,907)

	2000 £	Cash flow £	Other non-cash changes £	2001 £
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 financial statements

at 30 September 2002

### 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
Opus Trust Marketing Limited	Direct marketing holding company	100
Optecon Limited	Transactional mailing	58
Versatile Furniture Solutions Limited	Office furniture	100
D H Property Investments Limited	Property investment	100
Shelfco (No 1769) Limited	Holding Company	100

\* held directly by Opus Portfolio Limited

During the year the company sold Opus Systems Limited and H & H Bancroft Wines Limited to Peter De Haan for £4.2 million and £1 million respectively. Eurowide Telecoms was also disposed of for a consideration of £99,904.

### 24. Acquisition

On 16 November 2001 the group invested £3,000,000 for a 58% shareholding in Optecon Limited. This company is involved in transactional mail, the other shareholder being the Royal Mail.

Details of the acquisition are as follows:

	<i>£</i>
Net assets acquired (58% of £5,300,000)	3,074,000
Goodwill arising on consolidation	167,755
Consideration (including expenses of acquisition)	<u>3,241,755</u>

### 25. 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.

### 26. Ultimate controlling party

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