

Registered number: 03829462

## **Opus Trust Marketing Limited**

**Annual report and financial statements**

**For the year ended 31 March 2019**

## **Opus Trust Marketing Limited**

### **Company Information**

#### **Directors**

P C De Haan  
R Alonso (resigned 31 January 2019)  
M Hetem (resigned 30 November 2018)  
S C Johnson  
J Tew  
S Agar  
K Sangster (resigned 6 December 2018)  
A Macavoy (appointed 2 May 2018, resigned 30 August 2018)  
R Farmer (appointed 3 September 2018)  
A Strong (appointed 1 October 2018)  
H Savage (appointed 30 January 2019)  
C Sampson-Hughes (appointed 9 October 2018, resigned 2 August 2019)  
A Lindsey (appointed 1 October 2019)

#### **Company secretary**

S J Ghysen

#### **Registered number**

03829462

#### **Registered office**

133 Scudamore Road  
Braunstone Frith Industrial Estate  
Leicester  
Leicestershire  
LE3 1UQ

#### **Independent auditors**

Kreston Reeves LLP  
Chartered Accountants & Statutory Auditor  
37 St Margaret's Street  
Canterbury  
Kent  
CT1 2TU

#### **Bankers**

Bank of Scotland Plc  
The Mound  
Edinburgh  
EH1 1YZ

#### **Solicitors**

Pinsent Masons LLP  
3 Colmore Circus  
Birmingham  
B4 6BH

**Contents**

	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3 - 4
<b>Directors' responsibilities statement</b>	5
<b>Independent auditors' report</b>	6 - 9
<b>Statement of income and retained earnings</b>	10
<b>Balance sheet</b>	11
<b>Notes to the financial statements</b>	12 - 25

**Strategic report**

**For the year ended 31 March 2019**

**Introduction**

I am pleased to report another year of growth in revenue generating a strong position in a market that remains highly challenging.

**Business review**

Strong trading in 2018 saw Opus Trust generating profitable growth, remaining debt free, with good levels of free cash flow. Revenue growth was strong, generating turnover of £28.7m, delivered a 9% increase over the prior year.

Gross margin reduced by 2% as a result continued price pressure in the market.

Profit before exceptional costs and tax increased by 5.4% to £564,000 over the prior year. Exceptional costs were significant in the year as a result of a business restructure to align the overhead costs with the underlying business. These changes saw the introduction of a new Executive Leadership Team.

The year has seen a rebrand for the company, with a move to trading as Opus Trust Communications. This change closely aligns the name of the business with the transformational communication solutions we deliver for our customers across multiple sectors.

During the year long-term contracts have been secured with two of our largest customers for a further 5+2 years as well as an agreement to provide business critical communications for the NHS.

Significant growth in our On-Demand services saw revenue increase in the year by 34%, adding value for our customers by responding dynamically to their business communication challenges.

Operational performance improved dramatically, following the major capital investment in the previous year an improvement of the average cost per unit measure of 10.5% was achieved.

A strategy for the next phase of growth is being launched, a focussed 5-year plan to create enhanced returns for the business as we continue to raise the value we provide for our clients.

**Principle risks and uncertainties**

*Competitive and pricing risks*

The business-critical mailing activity is exposed to significant competitive and pricing risks which affect the ability to renew contracts and also win new work. The business manages those risks by ensuring that it is both competitive in terms of cost and leading edge in terms of the technology, products and solutions that it offers. It has long term relationships with customers and suppliers and a strong client management team.

*Credit risk*

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring for both time and credit limits.

*Liquidity risk*

Liquidity is managed through forecasting of future cash flow requirements for the business and maintaining sufficient cash balances to support the operation.

**Key Performance Indicators**

The directors regularly review and analyse a variety of KPI's in order to assess and measure the company's performance and its financial position. These include turnover, profit margins and cash flow and the analysis of the KPI's can be found in the Business Review section.

**Strategic report (continued)**  
**For the year ended 31 March 2019**

**Future**

Market conditions remain highly competitive and will continue to be challenging in the medium-term. Consolidation of service providers continues at pace and this activity continues to create further opportunities for Opus Trust Communications.

I believe that the company is well positioned to maintain our positive progress with increasing demand for our customer communication solutions, which play a key role in helping our clients deliver on their digital transformational and critical business objectives.

Our key focus is on delivering true customer intimacy, by gaining a deep understanding of our client's business, identifying our clients' unique needs and delivering sustainable, robust and compliant solutions.

We continue to invest in new solutions, products and services to support the needs of our existing and new clients successfully combined with a production facility that can meet the growing capacity requirements. We are well positioned to benefit positively from the changes in our market and have built a strong and capable business to meet the fast-changing needs of our clients.

I would like to thank our employees for their continued hard work and contribution to making this company such a growing success.

This report was approved by the board on 17 December 2019 and signed on its behalf.

**A Strong**  
Director

**Directors' report**  
**For the year ended 31 March 2019**

The directors present their report and the financial statements for the year ended 31 March 2019.

**Principal activity**

The company's principal activity is a technology led communication solutions provider delivering greater control, quality and efficiency to its clients in their communications with their customers.

**Results and dividends**

The profit for the year, after taxation, amounted to £50,000 (2018 - £1,000).

During the year ended 31 March 2019, the company paid a dividend of £515,000 (2018: £NIL).

**Directors**

The directors who served during the year were:

P C De Haan  
R Alonso (resigned 31 January 2019)  
M Hetem (resigned 30 November 2018)  
S C Johnson  
J Tew  
S Agar  
K Sangster (resigned 6 December 2018)  
R Farmer (appointed 3 September 2018)  
A Strong (appointed 1 October 2018)  
H Savage (appointed 30 January 2019)  
C Sampson-Hughes (appointed 9 October 2018, resigned 2 August 2019)  
A Macavoy (appointed 2 May 2018, resigned 30 August 2018)

**Matters covered in the Strategic report**

Disclosures in respect of future developments have been included as part of the Strategic report.

**Directors' report (continued)**  
**For the year ended 31 March 2019**

**Financial management approach**

The company has established a risk and financial management framework whose primary objective is to mitigate the company's exposure to risk in order to protect the company from events that may hinder its performance.

The company has exposure to three main areas of risk – liquidity risk, customer credit exposure and price risk.

**Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company's objective in managing liquidity risk is to ensure that this does not arise. Having assessed future cash flow requirements the company expects to be able to meet its financial obligations through the cash flows that are generated from its operating activities. The interest rate risk arising from these facilities is considered by the directors to be minimal, and the company has not entered into any derivative instruments designed to mitigate exposure to such risk. With these facilities in place the company is in a position to meet its commitments and obligations as they fall due.

**Customer credit exposure**

The company regularly offers credit terms to its customers which allow for payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt within those terms. This risk is mitigated by the strong on-going customer relationships and by only granting credit to customers who are able to demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's trade debtors are shown in note 15.

**Price risk**

Price risk arises on financial instruments due to fluctuations in commodity prices or equity prices.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the company since the year end.

**Auditors**

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 December 2019 and signed on its behalf.

**A Strong**  
Director

**Directors' responsibilities statement**  
**For the year ended 31 March 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.



**Independent auditors' report to the shareholders of Opus Trust Marketing Limited**

**Opinion**

We have audited the financial statements of Opus Trust Marketing Limited (the 'company') for the year ended 31 March 2019, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Independent auditors' report to the shareholders of Opus Trust Marketing Limited (continued)**

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Independent auditors' report to the shareholders of Opus Trust Marketing Limited (continued)**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the shareholders of Opus Trust Marketing Limited (continued)**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of

**Kreston Reeves LLP**

Chartered Accountants

Statutory Auditor

Canterbury

17 December 2019

**Statement of income and retained earnings**  
**For the year ended 31 March 2019**

	<b>Note</b>	<b>2019 £000</b>	<b>2018 £000</b>
Turnover	4	<b>28,704</b>	26,404
Cost of sales		<b>(21,901)</b>	(19,608)
<b>Gross profit</b>		<b>6,803</b>	6,796
Administrative expenses		<b>(6,239)</b>	(6,261)
<b>Operating profit</b>	5	<b>564</b>	535
Exceptional administrative expenses	11	<b>(539)</b>	(206)
<b>Total operating profit</b>		<b>25</b>	329
Tax on profit	9	<b>25</b>	(328)
<b>Profit after tax</b>		<b>50</b>	1
Retained earnings at the beginning of the year		<b>5,455</b>	5,454
		<b>5,455</b>	5,454
Profit for the year		<b>50</b>	1
Dividends declared and paid	10	<b>(515)</b>	-
<b>Retained earnings at the end of the year</b>		<b>4,990</b>	5,455

The notes on pages 12 to 25 form part of these financial statements.

Balance sheet  
As at 31 March 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	12	176	267
Tangible assets	13	2,816	3,927
		<u>2,992</u>	<u>4,194</u>
<b>Current assets</b>			
Stocks	14	247	176
Debtors: amounts falling due after more than one year	15	387	393
Debtors: amounts falling due within one year	15	6,977	6,494
Cash at bank and in hand	16	1,258	1,876
		<u>8,869</u>	<u>8,939</u>
Creditors: amounts falling due within one year	17	(4,978)	(5,785)
<b>Net current assets</b>		<u>3,891</u>	<u>3,154</u>
<b>Net assets</b>		<u><u>6,883</u></u>	<u><u>7,348</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1,893	1,893
Profit and loss account	20	4,990	5,455
		<u><u>6,883</u></u>	<u><u>7,348</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 December 2019.

**A Strong**  
Director

The notes on pages 12 to 25 form part of these financial statements.

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**1. General information**

Opus Trust Marketing Limited is a limited liability company incorporated in England.

The address of the registered office is 133 Scudamore Road, Braunstone Frith Industrial Estate, Leicester, Leicestershire, LE3 1UQ.

The company number is 03829462.

Details of the principal activity of the company are included in the directors' report.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The company's functional and presentational currency is Pounds Sterling.

The company's financial statements are presented to the nearest thousand.

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Opus 107 Limited as at 31 March 2019 and these financial statements may be obtained from Unit 328/9 Metalbox Factory, 30 Great Guildford Street, London, SE1 0HS.

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

**2.5 Finance costs**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.6 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.



**Notes to the financial statements**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**2.7 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.8 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

**2.9 Intangible assets**

**Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of its identifiable assets and liabilities. It is amortised to the profit and loss account over its useful economic life.

The estimated useful lives range as follows:

Goodwill	-	10	years
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**2.10 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**2.10 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short-Term Leasehold Property	-
Improvements	over the minimum lease duration
Plant & machinery	-
	between 3 and 10 years
Fixtures & fittings	-
	between 3 and 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

**2.11 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**2.12 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.14 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**2.15 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of income and retained earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.16 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires the directors to make judgemental, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following are the company's key sources of estimation uncertainty:

**Lease Commitments**

The company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the group has acquired the risks and rewards associated with the ownership of the underlying assets.

The following are the Group's key sources of estimation uncertainty:

**Goodwill and intangible assets**

The company has recognised goodwill and other intangible assets arising from business combinations with a carrying value of £176,000 (2018 - £267,000) at the reporting date (see note 12). On acquisition the company determines a reliable estimate of the useful life of goodwill and intangible assets based upon factors such as the expected use of the acquired business, forecasts of expected future results and cash flows, and any legal, regulatory or contractual provisions that can limit useful life.

At each subsequent reporting date the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the useful life of goodwill and intangible assets.

**Tangible fixed assets**

The company has recognised tangible fixed assets with a carrying value of £2,816,000 (2018 - £3,927,000) at the reporting date (see note 13). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the company undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the company's forecasts for the foreseeable future which do not include any restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

**Taxation**

Provision has been made in the financial statements for a deferred tax asset amounting to £524,000 (2018 - £499,000) at the reporting date (see note 18). This provision is based upon estimates of the availability of future taxable profits, the timing of the reversal of timing differences upon which the provision is based and the tax rates that will be in force at that time together with an assessment of the impact of future tax planning strategies.

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**4. Turnover**

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 turnover arose within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	<b>2019</b>	2018
	<b>£000</b>	£000
Depreciation of tangible fixed assets	<b>1,066</b>	965
Amortisation of intangible assets, including goodwill	<b>91</b>	92
Defined contribution pension cost	<b>323</b>	201
<b>Operating lease payments</b>		
- land and buildings	<b>336</b>	317
- plant and machinery	<b>25</b>	27

**6. Auditors' remuneration**

	<b>2019</b>	2018
	<b>£000</b>	£000
Fees payable to the company's auditor for the audit of the company's annual accounts	<b>20</b>	19
	<b>20</b>	19

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>5,613</b>	5,574
Social security costs	<b>607</b>	564
Cost of defined contribution scheme	<b>323</b>	201
	<b><u>6,543</u></b>	<u>6,339</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Production	<b>91</b>	98
Sales and distribution	<b>12</b>	7
Administration	<b>54</b>	56
	<b><u>157</u></b>	<u>161</u>

**8. Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	<b>522</b>	528
Company contributions to defined contribution pension schemes	<b>32</b>	37
Compensation for loss of office	<b>251</b>	206
	<b><u>805</u></b>	<u>771</u>

During the year retirement benefits were accruing to 8 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £247,000 (2018 - £315,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,000 (2018 - £34,000).

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**9. Taxation**

	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(10)</b>	167
Utilisation of losses	<b>(15)</b>	161
<b>Total deferred tax</b>	<b>(25)</b>	328
<b>Taxation on (loss)/profit on ordinary activities</b>	<b>(25)</b>	328

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	<b>2019</b>	2018
	<b>£000</b>	£000
Profit on ordinary activities before tax	<b>25</b>	329
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>5</b>	63
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>3</b>	-
Depreciation for year in excess of capital allowances	<b>52</b>	(12)
Utilisation of tax losses	<b>(60)</b>	(51)
Deferred tax movement leading to a (decrease) increase in taxation	<b>(25)</b>	328
<b>Total tax charge for the year</b>	<b>(25)</b>	328

**Factors that may affect future tax charges**

The group has unutilised losses of approximately £2,882k being carried forward for offset against future taxable income. A deferred tax asset has been recognised in respect of these losses which the directors are confident will be utilised within the foreseeable future based upon their projections of the company's future profitability. As a consequence a deferred tax asset of £548,000 (2018: £532,000) has been recognised in respect of unutilised losses, which forms part of the total recognised deferred tax asset of £524,000 (2018: £499,000).

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**10. Dividends**

	<b>2019</b>	2018
	<b>£000</b>	£000
Dividends	515	-
	<u>515</u>	<u>-</u>

**11. Exceptional items**

	<b>2019</b>	2018
	<b>£000</b>	£000
Exceptional items	539	206
	<u>539</u>	<u>206</u>

The company incurred exceptional costs during the year relating to termination costs. The cost of this totalled £539,000 (2018: 206,000).

**12. Intangible assets**

	<b>Goodwill</b>
	<b>£000</b>
<b>Cost</b>	
At 1 April 2018	918
At 31 March 2019	<u>918</u>
<b>Amortisation</b>	
At 1 April 2018	651
Charge for the year	91
At 31 March 2019	<u>742</u>
<b>Net book value</b>	
At 31 March 2019	<u>176</u>
<b>At 31 March 2018</b>	<u>267</u>



**Notes to the financial statements**  
**For the year ended 31 March 2019**

**13. Tangible fixed assets**

	Short term leasehold improvements £000	Plant and machinery £000	Furniture, fittings and equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2018	588	14,903	257	15,748
Additions	99	102	-	201
Disposals	-	(480)	-	(480)
At 31 March 2019	687	14,525	257	15,469
<b>Depreciation</b>				
At 1 April 2018	583	10,980	257	11,820
Charge for the year on owned assets	13	1,053	-	1,066
Disposals	-	(233)	-	(233)
At 31 March 2019	596	11,800	257	12,653
<b>Net book value</b>				
At 31 March 2019	91	2,725	-	2,816
<b>At 31 March 2018</b>	5	3,922	-	3,927

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**14. Stocks**

	2019 £000	2018 £000
Raw materials	247	175
	<u>247</u>	<u>175</u>

**15. Debtors**

	2019 £000	2018 £000
<b>Due after more than one year</b>		
Deferred tax asset	387	393
	<u>387</u>	<u>393</u>

	2019 £000	2018 £000
<b>Due within one year</b>		
Trade debtors	5,666	5,344
Amounts owed by group undertakings	-	7
Accrued income	303	450
Prepayments	872	587
Deferred taxation	136	106
	<u>6,977</u>	<u>6,494</u>

**16. Cash and cash equivalents**

	2019 £000	2018 £000
Cash at bank and in hand	1,258	1,876
	<u>1,258</u>	<u>1,876</u>

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**17. Creditors: Amounts falling due within one year**

	<b>2019</b>	2018
	<b>£000</b>	£000
Trade creditors	<b>2,064</b>	2,284
Amounts owed to group undertakings	<b>5</b>	-
Taxation and social security	<b>860</b>	816
Other creditors	<b>24</b>	47
Accruals and deferred income	<b>2,025</b>	2,638
	<b><u>4,978</u></b>	<u>5,785</u>

**18. Deferred taxation**

	<b>2019</b>
	<b>£000</b>
At beginning of year	<b>499</b>
Charged to profit or loss	<b>25</b>
<b>At end of year</b>	<b><u>524</u></b>

The deferred tax asset is made up as follows:

	<b>2019</b>	2018
	<b>£000</b>	£000
Accelerated capital allowances	<b>(24)</b>	(33)
Unutilised tax losses	<b>548</b>	532
	<b><u>524</u></b>	<u>499</u>

**19. Share capital**

	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Allotted, called up and fully paid</b>		
1,893,165 (2018 - 1,893,165) Ordinary shares shares of £1.00 each	<b><u>1,893</u></b>	<u>1,893</u>

**20. Reserves**

**Profit & loss account**

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

**Notes to the financial statements**  
**For the year ended 31 March 2019**

**21. Contingent liabilities**

Opus Trust Marketing Limited guarantees facilities of Opus Trust Group Limited and its subsidiaries, a company under common control. The company had no exposure under this liability at the balance sheet date or in the previous year.

**22. Pension commitments**

The company operates two defined contributions pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £323,000 (2018: £201,000). Contributions totalling £27,000 (2018 £8,612) were payable to the fund at the balance sheet date and were included within creditors.

**23. Commitments under operating leases**

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2019</b>	2018
	<b>£000</b>	£000
Not later than 1 year	<b>222</b>	25
Later than 1 year and not later than 5 years	<b>1,304</b>	10
Later than 5 years	<b>-</b>	1,739
	<b><u>1,526</u></b>	<b><u>1,774</u></b>

**24. Related party transactions**

During the year the company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 31 March 2019, are as follows:

	<b>2019</b>	2018
	<b>£000</b>	£000
Purchases from companies under common control	<b><u>607</u></b>	<b><u>681</u></b>

**25. Controlling party**

The company's ultimate parent undertaking is Opus 107 Limited, a company incorporated in England and Wales.

The financial statements of Opus 107 Limited are consolidated, copies of which can be obtained from the registered office.



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