

Registered number: 03782941

PARENT ACCOUNTS

05532569

STANLEY GROVE LTD

Opus Trust Group Limited

Directors' report and financial statements

For the year ended 31 March 2014

WEDNESDAY



"A3MGAE18"

10/12/2014

#95

A23

COMPANIES HOUSE

Opus Trust Group Limited

Company Information

Directors	P C De Haan M G Greville S C Johnson (appointed 28 November 2013)
Company secretary	S J Tuson Taylor
Registered number	03782941
Registered office	Woolyard 54 Bermondsey Street London SE1 3UD
Independent auditors	Reeves & Co LLP Statutory Auditor & Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	Handelsbanken 5th Floor 13 Charles II Street London SW1Y 4QU
Solicitors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Investment Advisors	Cambridge Associates Limited 80 Victoria Street Cardinal Place London SW1E 5JL
Brokers	Smith & Williamson 25 Moorgate London SE1 2BQ

Opus Trust Group Limited

Contents

	Page
Group strategic report	1 - 5
Directors' report	6 - 7
Directors' responsibilities statement	8
Independent auditors' report	9 - 10
Consolidated profit and loss account	11
Consolidated statement of total recognised gains and losses	12
Consolidated balance sheet	13
Company balance sheet	14
Consolidated cash flow statement	15
Notes to the financial statements	16 - 33

Opus Trust Group Limited

Group strategic report For the year ended 31 March 2014

Business review

I am pleased to report the results for the year. We have continued with our work to simplify the activities of the group and improve the quality of the assets and we are in a stronger position now and will continue to reduce our cost base. During the year, the group generated an overall return of £835,000 including realised and unrealised gains with the commensurate increase in net assets. The net debt reduced from £10m to £6.8m.

The main return drivers in the year were Residential Property with total returns in the year of £1.65million (2013 £851,000) and Business Critical Mailing, which continues to grow revenues and profits, with £854,000 in the year (2013 £46,000). The performance of the Investment Portfolio was disappointing, as outlined below, with negative returns of £456,000 (2013 positive £345,000) but the S&W Opus Fund, the Open Ended Investment Company (the OEIC), has been restructured to better position it for the future. Commercial Property has suffered with high street rents softening considerably in an uncertain economic environment, the total returns were negative at £230,000 (2013 positive £21,000) including providing for falling market values. Group costs have reduced as we continue to simplify operations improving by £47,000 year on year.

	Returns for the year to 31 March 2014			Capital allocated At 31 March 2014		
	Realised £000	Unrealised £000	Total £000	Gross £000	Debt £000	Net £000
Property - Residential	297	1,354	1,651	17,123	(5,982)	11,141
Property - Commercial	23	(253)	(230)	435	0	435
Investment portfolio	(121)	(335)	(456)	7,471	0	7,471
Business critical mail	854	0	854	7,002	(3,321)	3,681
Group activities	(1,070)	0	(1,070)	2,354	2,484	4,838
Property finance (discontinued)	87	0	87	1,139	0	1,139
	70	766	836	35,524	(6,819)	28,705

Investment Returns

The investment portfolio has underperformed in the year in real terms and in comparison to the composite benchmark return. The poor performance is down to 3 main areas:

- The OEIC set up last year to simplify our investment process, produced a small negative return, underperforming the policy benchmark which grew by 3.3% in a year with strong equity markets but low interest rates. The fund manager has undertaken a major revamp of the investments within the fund and improved its focus by reducing the number of managers it invests with. The performance of the OEIC has improved considerably as at time of writing which indicates the fund managers reorganisation is working.
- Natural resource investments held outside the OEIC have performed poorly and lost value in the year. The sector had a year of lower values and our aim now is to exit these investments when we are able to and consolidate funds into the OEIC however, this may take an additional two to three years for repayment due to lock in periods of the relevant funds.
- Commercial property has had a major negative impact on the portfolio. The company has a number of investments in syndicates and also a listed fund which has gone into liquidation. The experience of commercial property investment has not been beneficial for the company and the decision has been made to exit this asset class as soon as possible having written down in the period the investments to their market value.

Opus Trust Group Limited

Group strategic report (continued) For the year ended 31 March 2014

Residential Property

The performance of the Residential Property was very strong with favourable market conditions in London but little movement for the few investments held outside London. The strategy of concentrating on the prime or near prime London residential market has continued to provide excellent returns and allowed the divestment of some non-core properties at strong values. We have seen 16% increases in valuation for the London portfolio however we have a decline in values outside London for our residual holdings, in fact there has been further falls due to lack of liquidity in the non-London areas, and continue to reduce our exposure to this market when we are able to.

With the pace of the London market now slowing down we have instigated the sale of a number of the non prime properties to take advantage of relatively high values and these will flow into the new financial period. During the year rental income has been strong with few void periods other than those needed to market properties for sale with vacant possession, this gives a gross yield of 3.1%. The rise in valuations has been considerable giving returns, both realised and unrealised, for the year of £1.57m.

Property development and finance

The activity of development of residential property for sale through joint ventures with third parties, as noted in previous annual reports, is now discontinued. During the year to 31 March 2013 a series of debts with one of the borrowers were renegotiated to achieve a better security position, the borrower subsequently defaulted on the terms of the loan. The improved security over this loan has been exercised and, at the time of writing, I expect the loan value of £1.2m at 31 March 2014 to be realised in full with the reasonable expectation of recovering further amounts against loans previously provided against.

Business Critical Mailing

At the end of another year it remains true that market conditions are still challenging, competition for business remains high with continued pressure on pricing with client demands increasing. Despite this the financial results for the year are very encouraging with revenue and operating profit both higher with a stronger balance sheet from increasing cash flow, hence our strategy remains unchanged.

- Continue to widen our service offering,
- Invest further in innovative technology, people and skills,
- Significant sales and marketing effort to grow the top line

This financial year we have grown revenue by £2m to £17.1m, a 13% overall improvement on last year. The continued drive to improve our technology has seen major benefits to our customers but also increased efficiencies have led to higher margins with gross profit £1.1m higher than the previous year at £5.3m. The gross margin percentage has improved from 28% to 31% from a major reorganisation of the production improved cost control and expanding higher margin services.

Opus Trust Group Limited

Group strategic report (continued) For the year ended 31 March 2014

Investment in training and skills combined with the continued development of new services has contributed to overheads rising from £3.9m to £4.5m. Overall I am very pleased to report that profit before tax has increased to £620,000 from £47,000 the previous year. The impact of these impressive results is a stronger balance sheet with a business that is generating cash and reducing net debt, as can be seen in the table below.

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Operating profit	855	317
Depreciation and amortisation	1,125	1,530
EBITDA	1,980	1,847
Capital expenditure	(215)	(301)
Free cash flow	1,765	1,546
Net debt	3,321	4,479

As part of the strategy to widen the service offering the company has been at the forefront of implementing Royal Mail's Mailmark™ product, the development that will allow businesses to track their post. I am proud to say that the company was the first to go live in both the Retail and Wholesale areas, demonstrating our desire to innovate, delivering to our client's industry benefits early. We have enhanced our comprehensive Management Information system linked into our Trust Post portal that is delivering over 25 million items.

Having undertaken a complete production replacement programme the investment in equipment has seen the upgrade to the two Intelljet 20 continuous colour printers to double their speed and further increase our capacity as more customers demand our colour services.

Our E-services volumes are 900,000 per month and we currently store 87 million documents and support 9,000 users. Trust Web is in demand from our customers and we are continuing to invest in new services with a Business to Consumer (B2C) version soon to be launched and set up Electronic Data Interchange (EDI) services as an extension of Trust Web.

With the increase in breadth of our services we continue to maintain quality control and were one of the first in our industry to achieve ISO22301 certification, the international business continuity standard.

Our strategy of increasing top line revenue is based on increasing volume from the existing base of clients which has been successful. Trust Post volume is now at 25 million packs with a tracking service linked directly to our Management Information systems. Our strong track record in retaining work has seen the following clients extend their contracts with us: Severn Trent Water, Calderdale NHS, Commercial Collection Services, Opus Energy and Aktiv Kapital. New business sales are always more difficult in a very competitive market but I am delighted with our recent wins: Credit Security Limited, MSC Industrial Supply, Calor Gas, SRCL Limited, Fujitsu Services and Conduit Global.

The investment cycle has now shifted away from machinery as our production replacement cycle has been completed, the focus now is on people and skills. To ensure we can continue to deliver high quality services to our clients and not just keep pace with their demands but set the trend, we are investing in a major skills uplift across our in-house IT development team, project managers, business analysts and technical authors.

I am pleased to welcome Paul Brough as our new Chief Executive of Opus Trust Marketing Limited who has been promoted from within the company and also pleased that Linda Scott has remained on the Board as a non-executive director.

Opus Trust Group Limited

Group strategic report (continued) For the year ended 31 March 2014

Group Activities

This consists of various assets and liabilities not specifically allocated to a business unit as well as the costs of running the central office and providing shareholder support. The aim is to continue the drive to simplify our operations and drive cost improvement and progress has been made on both fronts. The cost of the group activity has been reduced by 5% in the year to 31 March 2014 with further changes expected bring costs lower in the following year.

Net debt

Debt is managed by business unit and also on a group basis.

During the year an expensive invoice discounting facility for our business critical mailing activities was replaced by a parent company loan, reducing the effective cost of borrowing for the business unit from 7% to 3.25%. Together with the equipment financing this business unit has reduced its debt by £1.1m in the year and is anticipated to continue bringing this down in the future.

The loan facilities for the property portfolio are £6m at 31 March 2014 giving a gearing level of 35%, a slight increase on last year (29%) but significantly below the target for this business unit of 50%. Some loans were repaid during the year that were linked to properties sold and a new facility on the core properties was put in place at a reduced interest rate. After the year end a further £500,000 was repaid to reduce the debt further.

Principal risks and uncertainties

Global markets

The group is exposed to movements in global financial markets. This risk is managed by the group's Investment Committee which is composed of the group's board of directors and a trustee of the Peter De Haan Charitable trust. This group meets at least quarterly and seeks advice from its investment advisors. The Investment Committee has designed an investment policy which is diverse across asset classes and geographies, the actual position is monitored regularly.

House prices

The group is exposed to movements in UK house prices. The group's policy is to invest in the UK residential market for the long term. The board of directors continues to monitor the long term market trends and has adopted a conservative approach to gearing with a target of no more than 50% on residential property.

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 products that it offers.

Liquidity risk

The group manages its liquidity risk by ensuring that it has sufficient cash and banking facilities to meet its immediate needs. The group's main investment, the OEIC, has been structured to provide liquidity if necessary.

Opus Trust Group Limited

Group strategic report (continued)
For the year ended 31 March 2014

Future

The strategy for the group is to continue to simplify operations where we can and improve the quality of the assets held to provide long term returns for the shareholders. The trading operation, business critical mailing has grown through a successful plan and that will continue and its cash generation will pay down its debt further as the group will also continue to reduce its net debt.

The Board has been very supportive and I wish to thank them and Andrew Lavery in particular as he left the Board this year having provided sound advice for the last 12 years. Finally I would like to thank all of our directors, employees and advisors for their part in what has been achieved this year.

This report was approved by the board on **5 November 2014** and signed on its behalf



R C De Haan
Director

Opus Trust Group Limited

Directors' report For the year ended 31 March 2014

The directors present their report and the financial statements for the year ended 31 March 2014

Principal activities

The principal activities of the group are to

- Hold and manage a broad range of investments for long term capital growth,
- Hold and manage a portfolio of residential property for the long term,
- Invest in a range of syndicated commercial property interests,
- Invest in a number of residential property development opportunities, and
- Own and operate a subsidiary company involved in business critical mailing

Results and dividends

The loss for the year, after taxation, amounted to £68,000 (2013 - loss £287,000)

The directors do not propose the payment of a dividend

Directors

The directors who served during the year were

P C De Haan
A C Lavery (resigned 28 November 2013)
M G Greville
S C Johnson (appointed 28 November 2013)

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 that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that 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 and the group's auditors are aware of that information

Opus Trust Group Limited

Directors' report
For the year ended 31 March 2014

Auditors

Under section 487(2) of the Companies Act 2006, Reeves & Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on **5 November 2014** and signed on its behalf

S C Johnson
Director

A handwritten signature in black ink, appearing to be 'S C Johnson', written over the printed name and title.

Opus Trust Group Limited

Directors' responsibilities statement For the year ended 31 March 2014

The directors are responsible for preparing the group 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opus Trust Group Limited

Independent auditors' report to the shareholders of Opus Trust Group Limited

We have audited the financial statements of Opus Trust Group Limited for the year ended 31 March 2014, which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the group strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opus Trust Group Limited

Independent auditors' report to the shareholders of Opus Trust Group Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Reeves & Co LLP

Peter Manser FCA DChA (senior statutory auditor)

for and on behalf of
Reeves & Co LLP

Statutory Auditor
Chartered Accountants

Canterbury

6 November 2014

Opus Trust Group Limited

**Consolidated profit and loss account
For the year ended 31 March 2014**

	Note	2014 £000	2013 £000
Turnover	1,2	21,683	17,273
Cost of sales		(14,903)	(11,726)
Gross profit		6,780	5,547
Administrative expenses		(6,567)	(5,364)
Operating profit	3	213	183
Interest payable and similar charges	6	(379)	(470)
Loss on ordinary activities before taxation		(166)	(287)
Tax on loss on ordinary activities	7	234	-
Profit/(loss) for the financial year	20	68	(287)

All amounts relate to continuing operations

The notes on pages 16 to 33 form part of these financial statements

Opus Trust Group Limited

**Consolidated statement of total recognised gains and losses
For the year ended 31 March 2014**

	2014 £000	2013 £000
Profit/(loss) for the financial year	68	(287)
Unrealised (deficit)/surplus on revaluation of fixed asset investments	(588)	379
Unrealised surplus on revaluation of investment properties	1,353	851
Hedging reserve	-	(109)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	833	834
	<hr/>	<hr/>

The notes on pages 16 to 33 form part of these financial statements

Opus Trust Group Limited
Registered number: 03782941

Consolidated balance sheet
As at 31 March 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Intangible assets	8		635		727
Tangible assets	9		4,400		5,259
Investment property	10		17,122		18,795
Investments	11		7,923		7,713
Investments in associates	11		-		23
			<u>30,080</u>		<u>32,517</u>
Current assets					
Stocks	13	340		318	
Debtors	14	9,006		8,673	
Cash at bank and in hand		1,270		408	
		<u>10,616</u>		<u>9,399</u>	
Creditors: amounts falling due within one year	15	<u>(5,557)</u>		<u>(7,621)</u>	
Net current assets			<u>5,059</u>		<u>1,778</u>
Total assets less current liabilities			<u>35,139</u>		<u>34,295</u>
Creditors: amounts falling due after more than one year	16		<u>(6,435)</u>		<u>(6,424)</u>
Net assets			<u><u>28,704</u></u>		<u><u>27,871</u></u>
Capital and reserves					
Called up share capital	19		687		687
Revaluation reserve	20		5,764		4,250
Profit and loss account	20		22,253		22,934
Shareholders' funds	21		<u><u>28,704</u></u>		<u><u>27,871</u></u>

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

5 November 2014

P C De Juan
 Director

S C Johnson
 Director

The notes on pages 16 to 33 form part of these financial statements

Opus Trust Group Limited
Registered number 03782941

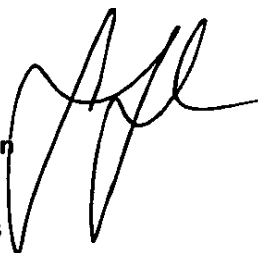
Company balance sheet
As at 31 March 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	9		233		273
Investments	11		6,491		6,491
			<u>6,724</u>		<u>6,764</u>
Current assets					
Debtors	14	4,787		4,511	
Cash at bank		875		258	
		<u>5,662</u>		<u>4,769</u>	
Creditors' amounts falling due within one year	15	(6,362)		(7,172)	
Net current liabilities			<u>(700)</u>		<u>(2,403)</u>
Net assets			<u>6,024</u>		<u>4,361</u>
Capital and Reserves					
Called up share capital	19		687		687
Profit and loss account	20		5,337		3,674
Shareholders' funds	21		<u>6,024</u>		<u>4,361</u>

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

5 November 2014

S C Johnson
Director



The notes on pages 16 to 33 form part of these financial statements

Opus Trust Group Limited

**Consolidated cash flow statement
For the year ended 31 March 2014**

	Note	2014 £000	2013 £000
Net cash flow from operating activities	22	1,430	183
Returns on investments and servicing of finance	23	(379)	(470)
Taxation		78	-
Capital expenditure and financial investment	23	2,038	4,154
Acquisitions and disposals	23	7	13
Cash inflow before financing		3,174	3,880
Financing	23	(1,603)	(3,719)
Increase in cash in the year		1,571	161

**Reconciliation of net cash flow to movement in net funds/debt
For the year ended 31 March 2014**

	2014 £000	2013 £000
Increase in cash in the year	1,571	161
Cash outflow from decrease in debt and lease financing	1,602	3,719
Movement in net debt in the year	3,173	3,880
Net debt at 1 April 2013	(9,991)	(13,871)
Net debt at 31 March 2014	(6,818)	(9,991)

The notes on pages 16 to 33 form part of these financial statements

Opus Trust Group Limited

Notes to the financial statements For the year ended 31 March 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with applicable accounting standards

1.2 Basis of consolidation

The financial statements consolidate the accounts of Opus Trust Group Limited and all of its subsidiary undertakings ('subsidiaries')

1.3 Turnover

The group's revenue is derived from its business critical mailing and investment businesses

Business critical mailing

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty

Investment income

Revenue is recognised to the extent that the group obtains the right to its receipt. Revenue is measured at the fair value of the consideration received excluding VAT. The following criteria must also be met before revenue is recognised

- Dividend income from investments is recognised when the shareholder's right to receive payment has been established. UK dividend income is shown without any associated tax credit
- Profits on sale of investments are recognised when a sale is made under a contract. Where any unrealised gain or loss has been recognised in a previous year's accounts, such gain or loss will be dealt with by a reserve transfer
- Rental income arising from investment properties is accounted for on a straight-line basis over the lease term
- Profit on sale of investments is recognised when a sale is made under contract

1.4 Intangible fixed assets and amortisation

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

Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable

Opus Trust Group Limited

Notes to the financial statements For the year ended 31 March 2014

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property	-	over the minimum lease duration
Plant & machinery	-	3 - 12 years
Fixtures & fittings	-	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.

1.6 Investments

(i) Subsidiary undertakings

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

(ii) Other investments

Investments are recognised or derecognised at the point at which a purchase or sale is made under a contract. Investments are initially recognised at cost.

Investments in shares are reported at closing mid-market valuation at the balance sheet date. Investments in long only funds are valued at the price released by the relevant investment manager.

Realised gains on investments since the previous balance sheet date are recognised in the profit and loss account. The realisation of gains that were recognised in prior periods are shown as a movement on reserves. Unrealised gains on investments during the year are shown in the statement of total recognised gains and losses.

Foreign exchange gains and losses arising on investments held at fair value are included in the changes in their fair values.

Syndicated investments in properties are held at their fair value.

1.7 Financial instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange arising from investment activities. Derivative financial instruments are recognised and stated at fair value, which is determined by reference to market rates.

The effective element of any gain or loss from re-measuring the derivative instrument was recognised directly in equity and then transferred to the profit and loss account in the same period to which it matured.

Opus Trust Group Limited

Notes to the financial statements For the year ended 31 March 2014

1. Accounting policies (continued)

1.8 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the group.

Should the open market value of investment properties fall below original cost the deficit is recognised in the statement of total recognised gains and losses except to the extent that the decline in value is expected to be permanent, in which case it is recognised in the profit and loss account.

1.9 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.10 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.11 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.

1.12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Opus Trust Group Limited

Notes to the financial statements For the year ended 31 March 2014

1. Accounting policies (continued)

1.13 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year

2. Turnover

An analysis of turnover by class of business is as follows

	2014 £000	2013 £000
Business critical mailing	17,110	15,121
Investment income	4,573	2,152
	<u>21,683</u>	<u>17,273</u>

All turnover arose in the United Kingdom

3. Operating profit

The operating profit is stated after charging

	2014 £000	2013 £000
Amortisation - intangible fixed assets	92	91
Depreciation of tangible fixed assets		
- owned by the group	542	707
- held under finance leases	536	780
Auditors' remuneration	43	66
Operating lease rentals		
- plant and machinery	37	37
- other operating leases	382	383
	<u>382</u>	<u>383</u>

Auditors fees for the company were £12,000 (2013 - £13,000)

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2014 £000	2013 £000
Wages and salaries	4,881	4,856
Social security costs	458	445
Other pension costs	101	108
	<u>5,440</u>	<u>5,409</u>

Opus Trust Group Limited

**Notes to the financial statements
For the year ended 31 March 2014**

4. Staff costs (continued)

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

	2014 No.	2013 No
Production	98	116
Sales and distribution	3	3
Administration	43	34
Management	7	8
	<u>151</u>	<u>161</u>

5. Directors' remuneration

	2014 £000	2013 £000
Remuneration	<u>228</u>	<u>138</u>
Company pension contributions to defined contribution pension schemes	<u>44</u>	<u>50</u>
Amounts paid to third parties for directors' remuneration services	<u>36</u>	<u>105</u>

During the year retirement benefits were accruing to 2 directors (2013 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £181,000 (2013 - £138,000)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £41,000 (2013 - £50,000)

6 Interest payable

	2014 £000	2013 £000
On bank loans and overdrafts	240	304
On finance leases and hire purchase contracts	139	166
	<u>379</u>	<u>470</u>

Opus Trust Group Limited

Notes to the financial statements For the year ended 31 March 2014

7 Taxation

	2014 £000	2013 £000
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax (credit)/charge on loss for the year	(78)	-
Deferred tax (see note 18)		
Origination and reversal of timing differences	(156)	-
Tax on loss on ordinary activities	<u>(234)</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below

	2014 £000	2013 £000
Loss on ordinary activities before tax	<u>(166)</u>	<u>(287)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(38)	(69)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	132	(79)
Capital allowances for year in excess of depreciation	(16)	(121)
Utilisation of tax losses	25	(129)
Adjustments to tax charge in respect of prior periods	(78)	-
Dividends from UK companies	(5)	(7)
Unrelieved tax losses carried forward	192	479
Other differences leading to an increase (decrease) in the tax charge	(290)	(74)
Current tax (credit)/charge for the year (see note above)	<u>(78)</u>	<u>-</u>

Factors that may affect future tax charges

The group has unutilised trading and related losses of approximately £24m being carried forward for offset against future taxable income. A deferred tax asset has been recognised in respect of a proportion of these losses which the directors are confident will be utilised within the next five years based upon their projections of the group's future profitability. As a consequence a deferred tax asset of £3m has been recognised.

In addition the group has unutilised capital losses of approximately £23m for which no deferred tax asset has been recognised.

Opus Trust Group Limited

**Notes to the financial statements
For the year ended 31 March 2014**

8. Intangible fixed assets

Group	Goodwill £000
Cost	
At 1 April 2013 and 31 March 2014	<u>918</u>
Amortisation	
At 1 April 2013	191
Charge for the year	<u>92</u>
At 31 March 2014	<u>283</u>
Net book value	
At 31 March 2014	<u>635</u>
At 31 March 2013	<u>727</u>

9. Tangible fixed assets

Group	Leasehold Property £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 April 2013	3,979	12,282	525	16,786
Additions	-	215	4	219
Disposals	-	(1,071)	-	(1,071)
At 31 March 2014	<u>3,979</u>	<u>11,426</u>	<u>529</u>	<u>15,934</u>
Depreciation				
At 1 April 2013	3,534	7,472	521	11,527
Charge for the year	92	982	4	1,078
On disposals	-	(1,071)	-	(1,071)
At 31 March 2014	<u>3,626</u>	<u>7,383</u>	<u>525</u>	<u>11,534</u>
Net book value				
At 31 March 2014	<u>353</u>	<u>4,043</u>	<u>4</u>	<u>4,400</u>
At 31 March 2013	<u>445</u>	<u>4,810</u>	<u>4</u>	<u>5,259</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2014 £000	2013 £000
Plant and machinery	<u>3,193</u>	<u>3,627</u>

Opus Trust Group Limited

**Notes to the financial statements
For the year ended 31 March 2014**

Company	Leasehold Property £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At 1 April 2013	649	150	799
Additions	-	4	4
At 31 March 2014	649	154	803
Depreciation			
At 1 April 2013	379	147	526
Charge for the year	41	3	44
At 31 March 2014	420	150	570
Net book value			
At 31 March 2014	229	4	233
At 31 March 2013	270	3	273

10 Investment property

Group	Freehold property £000	Leasehold property £000	Total £000
Valuation			
At 1 April 2013	18,062	733	18,795
Additions at cost	449	-	449
Disposals	(2,742)	(733)	(3,475)
Surplus/(deficit) on revaluation	1,353	-	1,353
At 31 March 2014	17,122	-	17,122
Comprising			
Cost/Fair value	15,578	463	16,041
Annual revaluation surplus/(deficit)			
2009	(1,573)	(130)	(1,703)
2010	629	-	629
2011	593	-	593
2012	845	400	1,245
2013	878	-	878
2014	172	(733)	(561)
At 31 March 2014	17,122	-	17,122

The investment properties are based on the directors' valuations, having regard to local agent's views on resale values

Opus Trust Group Limited

**Notes to the financial statements
For the year ended 31 March 2014**

11 Fixed asset investments

Group	Investments in associate undertakings £000	Non group investments £000	Total £000
Cost or valuation			
At 1 April 2013	23	7,713	7,736
Additions	-	2,644	2,644
Disposals	(7)	(1,862)	(1,869)
Revaluations	-	(588)	(588)
Transfers on reduced holdings	(16)	16	-
At 31 March 2014	-	7,923	7,923
Net book value			
At 31 March 2014	-	7,923	7,923
At 31 March 2013	23	7,713	7,736

See note 12 for further details of non group investments

Company	Shares in group undertaking s £000
Cost or valuation	
At 1 April 2013 and 31 March 2014	23,491
Impairment	
At 1 April 2013 and 31 March 2014	17,000
Net book value	
At 31 March 2014	6,491
At 31 March 2013	6,491

Details of the principal subsidiaries and associates can be found under note number 28

Opus Trust Group Limited

**Notes to the financial statements
For the year ended 31 March 2014**

12. Non group investments

Group

	Listed Investments £000	Unlisted investments £000
As at 1 April 2013	4,756	2,957
Additions	2,223	421
Disposals	(1,026)	(836)
Revaluations	(214)	(374)
Transfers between classes	-	16
	5,739	2,184

Listed investments

The market value of the listed investments at 31 March 2014 was £5,739,000 (2013 - £4,756,000)

13. Stocks

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Raw materials	340	318	-	-

14. Debtors

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Due after more than one year				
Amounts owed by group undertakings	-	-	2,283	1,654
Deferred tax asset (see note 18)	2,935	2,779	2,210	2,210
Due within one year				
Trade debtors	3,458	2,584	1	3
Short term loans to third parties	1,147	1,212	-	-
Other debtors	592	683	49	98
Prepayments and accrued income	798	1,339	244	546
Deferred tax asset (see note 18)	76	76	-	-
	9,006	8,673	4,787	4,511

The group has provided short term loans to third parties and £1,147,000 (2013 £1,212,000) is secured by charges over the assets within these companies

Opus Trust Group Limited

**Notes to the financial statements
For the year ended 31 March 2014**

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

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Related party - Shareholder loan	-	955	-	955
Bank loans and overdrafts	710	1,268	-	-
Other finance creditor	-	849	-	-
Net obligations under finance leases and hire purchase contracts	943	902	-	-
Trade creditors	1,864	2,123	54	117
Related party creditor - Group undertakings	-	-	5,870	5,738
Other taxation and social security	589	384	56	8
Other creditors	41	26	-	-
Accruals and deferred income	1,410	1,114	382	354
	<u>5,557</u>	<u>7,621</u>	<u>6,362</u>	<u>7,172</u>

Further details of related party creditors are provided in note 27

The amount shown as "Other finance creditor" relates to a bank finance agreement secured by a charge over the trade debtors of the group, this facility has been terminated during the financial year

**16 Creditors:
Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans	5,272	4,318	-	-
Net obligations under finance leases and hire purchase contracts	1,163	2,106	-	-
	<u>6,435</u>	<u>6,424</u>	<u>-</u>	<u>-</u>

Opus Trust Group Limited

**Notes to the financial statements
For the year ended 31 March 2014**

**16. Creditors:
Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Repayable by instalments	2,795	2,651	-	-
Repayable other than by instalments	926	-	-	-
	<u>3,721</u>	<u>2,651</u>	<u>-</u>	<u>-</u>

The bank loans relate to two loans from Svenska Handelsbanken AB (publ) and one loan from Ahli United Bank (UK) PLC

A total of £3,055,671 of the bank loans are repayable by quarterly instalments over a period of 20 years and interest will be charged at 2.3% above the banks LIBOR rate. The second bank loan of £2,000,000 is to be repaid in full upon maturity on 28 February 2019 and interest will be charged at 2.75% above the banks LIBOR rate. The remaining bank loan in the sum of £926,250 is to be repaid in full upon maturity on 12 November 2031 and interest will be charged at 1.5% above the bank's LIBOR rate.

The bank loans are secured by legal charges over investment properties held within wholly owned subsidiaries together with a debenture over one of the subsidiaries' assets.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Between one and five years	1,163	2,106	-	-

17. Obligations under finance leases and hire purchase contracts

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

	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>
Within one year	(943)	(902)
In two to five years	(1,163)	(2,106)
	<u>(2,106)</u>	<u>(3,008)</u>

Opus Trust Group Limited

Notes to the financial statements For the year ended 31 March 2014

18 Deferred tax asset

	<u>Group</u>		<u>Company</u>	
	2014 £000	2013 £000	2014 £000	2013 £000
At beginning of year	2,855	2,855	2,210	2,210
Released during the year (P&L)	156	-	-	-
At end of year	<u>3,011</u>	<u>2,855</u>	<u>2,210</u>	<u>2,210</u>

The deferred tax asset is made up as follows

	<u>Group</u>		<u>Company</u>	
	2014 £000	2013 £000	2014 £000	2013 £000
Unutilised tax losses	<u>3,011</u>	<u>2,855</u>	<u>2,210</u>	<u>2,210</u>

19 Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
1,372,971 Ordinary shares of £0.25 each	343	343
1,374,403 Deferred shares of £0.25 each	344	344
	<u>687</u>	<u>687</u>

The holders of deferred shares are not entitled to any participation in the profits or the assets of the company, nor do they have any right to attend and vote at any general meeting of the company

20 Reserves

	Revaluation reserve £000	Profit and loss account £000
Group		
At 1 April 2013	4,250	22,934
Profit for the financial year		68
Surplus on revaluation of other fixed assets	765	
Transfer between Revaluation reserve and P/L account	749	(749)
At 31 March 2014	<u>5,764</u>	<u>22,253</u>

Opus Trust Group Limited

**Notes to the financial statements
For the year ended 31 March 2014**

20. Reserves (continued)

	Profit and loss account £000
Company	
At 1 April 2013	3,674
Profit for the financial year	1,663
	<hr/>
At 31 March 2014	5,337
	<hr/>

21. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Group		
Opening shareholders' funds	27,871	27,037
Profit/(loss) for the financial year	68	(287)
Other recognised gains and losses during the year	765	1,121
	<hr/>	<hr/>
Closing shareholders' funds	28,704	27,871
	<hr/>	<hr/>
Company		
Opening shareholders' funds	4,361	3,558
Profit for the financial year	1,663	803
	<hr/>	<hr/>
Closing shareholders' funds	6,024	4,361
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The profit for the year dealt with in the accounts of the company was £1,663 thousand (2013 - £803 thousand)

22. Net cash flow from operating activities

	2014 £000	2013 £000
Operating profit	213	183
Amortisation of intangible fixed assets	92	91
Depreciation of tangible fixed assets	1,078	1,487
Loss on disposal of tangible fixed assets	(15)	-
(Increase)/decrease in stocks	(21)	80
(Increase)/decrease in debtors	(174)	626
Increase/(decrease) in creditors	257	(2,284)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,430	183
	<hr/>	<hr/>

Opus Trust Group Limited

**Notes to the financial statements
For the year ended 31 March 2014**

23. Analysis of cash flows for headings netted in cash flow statement

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest paid	(240)	(304)
Hire purchase interest	(139)	(166)
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(379)	(470)
	<hr/> <hr/>	<hr/> <hr/>
	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(219)	(301)
Sale of tangible fixed assets	14	-
Purchase of investment properties	(449)	(7)
Sale of investment properties	3,475	2,240
Purchase of listed investments	(2,224)	(4,243)
Sale of listed investments	1,026	3,559
Purchase of unlisted and other investments	(421)	(764)
Sale of unlisted and other investments	836	3,670
	<hr/>	<hr/>
Net cash inflow from capital expenditure	2,038	4,154
	<hr/> <hr/>	<hr/> <hr/>
	2014 £000	2013 £000
Acquisitions and disposals		
Sale of share in associated undertakings	7	13
	<hr/>	<hr/>
	2014 £000	2013 £000
Financing		
Increase in bank loans	1,104	-
Repayment of bank loans	-	(768)
Repayment of debenture loans	(955)	(45)
Repayment of other loans	(849)	(1,987)
Repayment of finance leases	(903)	(919)
	<hr/>	<hr/>
Net cash outflow from financing	(1,603)	(3,719)
	<hr/> <hr/>	<hr/> <hr/>

Opus Trust Group Limited

Notes to the financial statements For the year ended 31 March 2014

24. Analysis of changes in net debt

	1 April 2013 £000	Cash flow £000	Other non-cash changes £000	31 March 2014 £000
Cash at bank and in hand	408	862	-	1,270
Bank overdraft	(709)	709	-	-
	<u>(301)</u>	<u>1,571</u>	<u>-</u>	<u>1,270</u>
Debt:				
Finance leases	(3,009)	903	-	(2,106)
Debts due within one year	(1,514)	(150)	954	(710)
Other finance creditors	(849)	849	-	-
Debts falling due after more than one year	(4,318)	-	(954)	(5,272)
	<u>(9,991)</u>	<u>3,173</u>	<u>-</u>	<u>(6,818)</u>
Net debt	<u>(9,991)</u>	<u>3,173</u>	<u>-</u>	<u>(6,818)</u>

25. Contingent liabilities

Group banking arrangements

The company has guaranteed the bank facilities of all the companies within the Opus Trust Group. The company had no exposure under this liability at the balance sheet date (2013 contingent liability of £797,000).

The directors consider that the likelihood of any crystallisation of this liability is remote.

Subsidiary undertakings and audit exemption

Opus Trust Group Limited has a number of subsidiary undertakings which have taken advantage of audit exemption in accordance with Section 479A Companies Act 2006. These subsidiary undertakings are shown in note 28. As part of the requirements for doing so the company has provided guarantees over all liabilities of these subsidiary undertakings as at 31 March 2014. These guarantees will remain in place until such time as these liabilities are settled in full. The total recorded liabilities of those subsidiary undertakings for which guarantees have been provided as at 31 March 2014, including intra-group debt, was £13,199,628 (2013 £12,174,885). The directors are not aware of any circumstances which may indicate that the company will be required to settle any liabilities of subsidiary undertakings in accordance with the guarantees that have been provided.

Opus Trust Group Limited

Notes to the financial statements For the year ended 31 March 2014

26. Operating lease commitments

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows

Group	Land and buildings		2014 £000	Other 2013 £000
	2014 £000	2013 £000		
Expiry date:				
Between 2 and 5 years	-	-	27	30
After more than 5 years	395	395	-	-

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows

Company	Land and buildings		2014 £000	Other 2013 £000
	2014 £000	2013 £000		
Expiry date:				
After more than 5 years	395	395	-	-

27. Related party transactions

On 20 April 2009 the company entered into a loan agreement with its shareholders and related family settlements. The loan is repayable over 5 years and is interest free. During the year the company has fully repaid the outstanding £955,000. In relation to the prior period, this amount was included in note 15 as a Related Party creditor - shareholder loan.

Bancroft Wines Limited is a company under the control of Mr P De Haan, a director of the company. During the year the group made charges to Bancroft Wines Limited of £183,000 (2013: £158,000) and purchases of £36,000 (2014: £316,000). The company also provided loans to Bancroft Wines Limited during the year totalling £200,000. There were no outstanding balances between the entities at the year end.

The Peter De Haan Charitable Trust of which Mr P De Haan is a trustee of. During the year the group made charges to The Peter De Haan Charitable Trust of £839,000 (2013: £664,000) in relation to management fees. The group was also charged £77,000 (2013: £93,000) by The Peter De Haan Charitable Trust for administrative services.

Ideastap Limited is a subsidiary undertaking of the Peter De Haan Charitable Trust. During the year the group made charges to Ideastap Limited of £108,000 (2013: £42,000) and purchases of £12,000 (2013: £24,000). There were no outstanding balances between the entities at the year end.

Opus Trust Group Limited

Notes to the financial statements For the year ended 31 March 2014

28. Principal subsidiaries and associates

a Principal subsidiaries

Company name	Percentage Shareholding	Description
Opus Trust Limited *	100%	Intermediate holding company
DH Property Investments Limited	100%	Property ownership
Downstream Access Limited ^	100%	Dormant
Opus Trust Marketing Limited	100%	Business critical mailing
ADM Group Mailing Services Limited	100%	Intermediate holding company
Optecon Limited	100%	Dormant
OTM Fulfilment Limited	100%	Dormant
OTM Mailing Limited	100%	Dormant
Opus Property Construction Limited *	100%	Dormant
Opus 102 Limited	100%	Investment company
Opus Corporate Trustees Limited	100%	Corporate trustee
Opus 105 Limited ^	100%	Dormant
Opus Property Investment Limited	100%	Property investment
Opus Residential Investments	100%	Dormant
Opus Property Finance Limited *	100%	Property finance
Opus 101 Limited ^	100%	Dormant
Opus Nominees Limited	100%	Nominee company
Tavern Apartments Limited *	100%	Property investment
Distinguished Properties Limited	100%	Dormant
Stanley Grove Limited *	100%	Property development
Opus Property Ventures Limited * +	100%	Property trading venture
Arca Homes (Collingwood) Limited *	100%	Property development

All subsidiary undertakings are incorporated in England and Wales

* These subsidiary undertakings have taken advantage of audit exemption in accordance with Section 479A Companies Act 2006 See note 25 for further details

+ Prior to 5 June 2014 Opus Property Ventures Limited was known as 531 Battersea Park Road Limited

^ Downstream Access Limited, Opus 105 Limited and Opus 101 Limited were all dissolved on 19 November 2013

b Principal associates

Company name	Percentage Shareholding	Description
C Wharf Limited	16%	Property holding

During the financial year, the group have reduced its shareholding in C Wharf Limited, an associate in the previous financial year, from 23% to 16%