Registered number: 09366057

Opus 107 Limited

Annual report and financial statements

For the period ended 31 March 2016

Opus 107 Limited

Company Information

Directors	P C De Haan (appointed 23 December 2014) S C Johnson (appointed 23 December 2014) M G Greville (appointed 9 September 2016)
Company secretary	S J Tuson Taylor
Registered number	09366057
Registered office	Woolyard 54 Bermondsey Street London SE1 3UD
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ
Solicitors	Druces LLP Salisbury House London Wall London EC2M 5PS

Opus 107 Limited

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Opus 107 Limited

Group strategic report
For the period ended 31 March 2016

Introduction

I am pleased to report another year of growth in revenue and adjusted operating profit* with strong cash generation in a market that remains highly competitive. With a solid growth strategy set for the next five years, the organisation continues to invest in equipment, technology, recruitment and staff training to continue to raise standards in quality, performance and customer satisfaction.

With a clear focus on key markets, the business has strengthened its senior team with specialists in Operations, Compliance, IT, Marketing and Customer Services.

During the period Opus Trust Marketing Limited left the Opus Trust group and is now held by Opus 107 limited as part of a reorgansition of the assets held by the shareholders but it remains under common ownership. The shareholders considered it in the best interest of the group that distinct business activities are held separately to enable the management teams to concentrate on growing each business.

Business review

The last year has seen Opus Trust Marketing continue to grow with turnover 7.9% higher at £21.6m. This is on the back of 17% growth in the previous year and 13% the year prior.

Despite an extremely competitive market and pricing pressures, we maintained gross margin at 32% (£7m) in 2016. The Adjusted Operating Profit has increased from £1.7m to £2.2m which reflects the underlying business improvement. The unadjusted results include a management fee and a one-off charge to remove a future contractual obligation and show a Profit Before Tax of £1.3m compared to £1.6m for the prior year.

	Year ended 31 March 2016	Year ended 31 March 2015
Adjusted Operating Profit*	2,174	1,747
Depreciation and amortisation	1,081	1,029
Adjusted EBITDA	**3,255**	**2,776**
Capital expenditure	(840)	(358)
Free cash flow	1,631	2,418
Net cash/(debt)	691	(1,176)

* Adjusted Operating Profit is before a one off charge and management fee.

With any growing business it is important to control working capital and whilst the company has invested a further £0.8m in equipment it has successfully moved from a net debt position to having a net cash balance of £0.7m. The balance sheet of the company is now a strong platform for future investment and growth.

Opus 107 Limited

Group strategic report
For the period ended 31 March 2016

Introduction

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Group strategic report (continued)
For the period ended 31 March 2016

Achievements

New services have led the way this year, with investment and diversification that complements our current offering whilst supporting customers with innovative, cost saving solutions including: Hybrid Mail - improving document production efficiency; Inbound Document Scanning; Print Management – delivering cost savings to the client through better buying; and On Demand – our ad-hoc mail production service.

Investment in equipment continued with a Kern 3600 high speed enclosing machine and five Ricoh digital colour and MICR printers. The development of a culture of efficiency driven by the introduction of Lean Manufacturing, 5S and Overall Equipment Effectiveness (OEE) has had a massive effect on performance. Waste reduction has brought production costs down; delivery speeds have increased all with a positive impact on staff engagement and health and safety compliance. We have also made improvements in supplier management, trained flexi operators, and introduced a new scheduling system.

Client Services has been transformed through appointment of new Account Directors, Managers Account Executives. During this period of growth we retained all apart from one existing client and extended contracts with Npower, Kuoni, Calderdale NHS and Cemex. Success has been driven by the dedication of our staff, our track record of hitting Service Level Agreements (SLAs) and quality standards accompanied by our transparent commercial approach. Clients have welcomed proactive and innovative management of their accounts which underpins our position as a market leader in transactional print.

In Information Technology (IT) we delivered the new version of Trust Web after a successful launch event at the National Space Centre. Trust Web® 5 is the latest release of our Document Management System. Clients can store, retrieve and send a variety of communications securely to complement physical document production. The improved user interface received rave reviews as did the addition of mobile access. The key improvements here were enabling access for mobile users and use of more modern programming techniques to create a more robust and maintainable system.

Implementation revenues were above budget and Infrastructure delivered better asset management, new Trust Web environment and the introduction of software assurance this year.

Trust Post®, our postal solution goes from strength to strength. Our unique online tracking services combined with Mailmark® data allow customers to follow their mail right through the delivery system. We expanded our Trust Post offering by taking on remote collections as the Derbyshire County Council contract went live, this service is set to expand next year. We introduced our courier service where specially negotiated rates with our providers enable our customers to benefit from efficient, cost effective reliable services. We have employed additional expertise in this area taking on staff from the parcels industry. The most significant change to our Trust Post service was our move to Whistl which has already brought about substantial savings and provided us and our customers with a better position in terms of late collection times.

Opus 107 Limited

Group strategic report (continued)
For the period ended 31 March 2016

We have made impressive progress in the area of Learning and Development with 181 training modules completed by employees in the year and 85 individuals working towards NVQ qualifications in Business Improvement Techniques, Management, and Team Leading. This is phenomenal for an organisation of 177 people.

To show further commitment to our employees, Opus Trust Marketing is now an accredited UK Living Wage Employer with the Living Wage foundation, a move that we are particularly proud of.

The business was successful in the recertification of ISO9001 and ISO27001 in April last year and we also passed the audit on Business Continuity. We employed a QA Officer during the year and external incidents have reduced. Despite this, Quality remains a key focus and we employed a new Head of Quality and Compliance. We also achieved the ISO14001 Environmental systems certificate renewal late in the year.

In the last year we have transformed the management team by employing a new Head of IT, Production Manager, Head of Marketing and just prior to this year, Head of Client Services. With the full team in place I am optimistic that we are better placed to grow the business and take on the challenges ahead.

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

This report was approved by the board on 21 September 2016 and signed on its behalf.

P C De Haan
Director

Directors' report
For the period ended 31 March 2016

The directors present their report and the financial statements for the period ended 31 March 2016.

Principal activity

The principal activities of the group during the year were to own and operate a subsidiary company involved in business critical mailing.

Results and dividends

The profit for the period, after taxation, amounted to £1,102,000 (2015 - £2,043,000).

The directors do not propose the payment of a dividend.

Directors

The directors who served during the period were:

P C De Haan (appointed 23 December 2014)
S C Johnson (appointed 23 December 2014)
R M Bursby (appointed 23 December 2014, resigned 23 December 2014)
Huntsmoor Limited (appointed 23 December 2014, resigned 23 December 2014)
Huntsmoor Nominees Limited (appointed 23 December 2014, resigned 23 December 2014)

Financial instruments

For details of the group's financial risk management approach see note 21.

Matters covered in the strategic report

For information regarding future developments and principal risks and uncertainties please refer to the Strategic Report.

Opus 107 Limited

Directors' report (continued)
For the period ended 31 March 2016

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.

Post balance sheet events

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

Auditors

Under section 487(2) of the Companies Act 2006, Kreston Reeves 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 21 September 2016 and signed on its behalf.

S C Johnson
Director

Directors' responsibilities statement
For the period ended 31 March 2016

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group'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 107 Limited

We have audited the financial statements of Opus 107 Limited for the period ended 31 March 2016, set out on pages 9 to 33. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 on page 6, 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 Financial Reporting Council'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 2016 and of the Group's profit or loss for the period 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the shareholders of Opus 107 Limited (continued)

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.

Kreston Reeves LLP

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Canterbury
Date:
22 September 2016

Opus 107 Limited

Consolidated statement of comprehensive income
For the period ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	4	**21,594**	20,019
Cost of sales		**(14,609)**	(13,400)
Gross profit		**6,985**	6,619
Administrative expenses		**(5,598)**	(4,872)
Operating profit	5	**1,387**	1,747
Interest payable and expenses	8	**(46)**	(131)
Profit before taxation		**1,341**	1,616
Tax on profit	9	**(239)**	427
Profit for the period		**1,102**	2,043
Owners of the parent Company		**1,102**	2,043
		1,102	2,043

There were no other comprehensive income for 2016 or 2015.

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

Opus 107 Limited
Registered number: 09366057

Consolidated balance sheet
As at 31 March 2016

	Note	£000	2016 £000	£000	2015 £000
Fixed assets					
Intangible assets	10		451		543
Tangible assets	12		3,443		3,592
			3,894		4,135
Current assets					
Stocks	14	263		312	
Debtors: amounts falling due after more than one year	15	439		859	
Debtors: amounts falling due within one year	15	5,766		6,177	
Cash at bank and in hand	16	923		703	
		7,391		8,051	
Creditors: amounts falling due within one year	17	(4,458)		(6,229)	
Net current assets			2,933		1,822
Total assets less current liabilities			6,827		5,957
Creditors: amounts falling due after more than one year	18		-		(232)
Provisions for liabilities					
Net assets			6,827		5,725
Capital and reserves					
Called up share capital			687		687
Merger reserve	24		1,206		1,206
Profit and loss account	24		4,934		3,832
Equity attributable to owners of the parent Company			6,827		5,725

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 September 2016

P C DeHaan
Director

S C Johnson
Director

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

Opus 107 Limited
Registered number: 09366057

Company balance sheet
As at 31 March 2016

	Note	£000	2016 £000	£000	2015 £000
Fixed assets					
Investments	13		**6,579**		-
Creditors: amounts falling due within one year	17	**(3)**		-	
Net current (liabilities)/assets			**(3)**		-
Total assets less current liabilities			**6,576**		-
Net assets			**6,576**		-
Capital and reserves					
Called up share capital			**687**		-
Merger reserve	24		**5,892**		-
Profit and loss account	24		**(3)**		-
			6,576		-

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 September 2016

P C De Haan
Director

S C Johnson
Director

Opus 107 Limited

Consolidated statement of changes in equity
For the period ended 31 March 2016

	Called up share capital	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000	£000
At 1 April 2015	687	1,206	3,832	5,725	5,725
Comprehensive income for the period					
Profit for the period	-	-	1,102	1,102	1,102
At 31 March 2016	687	1,206	4,934	6,827	6,827

Consolidated statement of changes in equity
For the period ended 31 March 2015

	Called up share capital	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000	£000
At 1 April 2014	687	1,206	1,789	3,682	3,682
Comprehensive income for the year					
Profit for the year	-	-	2,043	2,043	2,043
At 31 March 2015	687	1,206	3,832	5,725	5,725

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

Opus 107 Limited

Company statement of changes in equity
For the period ended 31 March 2016

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
Comprehensive income for the year				
Loss for the period	-	-	(3)	(3)
Total comprehensive income for the period	-	-	(3)	(3)
Contributions by and distributions to owners				
Shares issued during the period	687	-	-	687
Merger reserve arising during the period	-	5,892	-	5,892
At 31 March 2016	687	5,892	(3)	6,576

Opus 107 Limited

Company statement of changes in equity
For the period ended 31 March 2015

	Total equity £000
Total comprehensive income for the year	-
Total transactions with owners	-

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

Opus 107 Limited

Consolidated statement of cash flows
For the period ended 31 March 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial period	**1,102**	2,043
Adjustments for:		
Amortisation of intangible assets	**92**	92
Depreciation of tangible assets	**989**	937
Loss on disposal of tangible assets	**(8)**	-
Interest paid	**46**	131
Taxation	**239**	(427)
Decrease in stocks	**49**	28
Decrease/(increase) in debtors	**571**	(1,803)
(Decrease)/increase in creditors	**(1,073)**	1,034
Corporation tax	**22**	-
Net cash generated from operating activities	**2,029**	2,035
Cash flows from investing activities		
Purchase of tangible fixed assets	**(840)**	(358)
Sale of tangible fixed assets	**8**	-
HP interest paid	**(40)**	(90)
Net cash from investing activities	**(872)**	(448)
Cash flows from financing activities		
Repayment of/new finance leases	**(931)**	(943)
Interest paid	**(6)**	(41)
Net cash used in financing activities	**(937)**	(984)
Cash and cash equivalents at beginning of period	**703**	100
Cash and cash equivalents at the end of period	**923**	703
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**923**	703
	923	703

Notes to the financial statements
For the period ended 31 March 2016

1. General information

Opus 107 Limited is a limited liability company incorporated in England.

The address of the registered office is Woolyard, 54 Bermondsey Street, London, SE1 3UD.

The principal activity of the company is to act as the ultimate parent holding company for a group whose activities during the year was business critical mailing.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

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

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

Opus 107 Limited was incorporated on 23 December 2014 and therefore its first period of account is from the date of incorporation until 31 March 2016.

On 26 January 2015, Opus 107 Limited purchased the share capital of Opus Trust Marketing Limited as part of a group reorganisation.

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

In the opinion of the directors, the creation of the group was a group reconstruction rather than an acquisition, since the equity holders of the company remain the same as the former equity holders and the rights of the equity holders are unchanged and no minority interest in the net assets of the group has arisen. In addition, the purpose of the transaction was not to move the net asset value out of the group and return it to the equity holder, but rather to reorganise the assets and liabilities within the existing individual entities. Therefore, the directors consider that to record the transaction as an acquisition by the company, attributing fair values to the assets and liabilities of the group and reflecting only the post transaction results within these financial statements would fail to give a true and fair view of the group's results and financial position.

The directors have adopted the merger accounting principles in drawing up these financial statements. The main consequence of adopting merger rather than acquisition accounting is that the balance sheet of the merged group includes the assets and liabilities of each of the group's combining entities at their carrying values prior to the merger, subject to any adjustments to achieve uniformity of accounting policies, rather than at their fair values at the date of the merger. The group's comparative information is that of the combined entities as listed in note 13.

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 Group 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 Group 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 Intangible assets

Goodwill

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

The estimated useful lives range as follows:

Goodwill	-	10	years

2.5 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 Group 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 Group. 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.

2. Accounting policies (continued)

2.5 *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	- over the minimum lease duration
Plant and machinery	- between 3 and 10 years
Fixtures and 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 Consolidated statement of comprehensive income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.7 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 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.

2.8 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 directs costs and an appropriate proportion of fixed and variable overheads.

2.9 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.

2.10 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 payables or receivables, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Profit and loss account 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 Profit and loss account.

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 Group 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.

2.12 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.

2. Accounting policies (continued)

2.13 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.

2.14 Operating leases: the Group as lessee

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

2.15 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments 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 Group in independently administered funds.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

3. Judgments 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.

Lease commitments

The group 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 Group has recognised goodwill and other intangible assets arising from business combinations with a carrying value of £451,000 at the reporting date (see note 11). On acquisition the Group 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 Group has recognised tangible fixed assets with a carrying value of £3,443,000 at the reporting date (see note 12). These assets are stated at their cost less provision for depreciation and impairment. The Group'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 Group 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 Group's forecasts for the foreseeable future which do not include any restructuring activities that the Group 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 liability amounting to £967,000 (2015 - £1,228,000) at the reporting date (see note 22). 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.

Opus 107 Limited

Notes to the financial statements
For the period ended 31 March 2016

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Business critical mailing	**21,594**	20,019
	21,594	20,019

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	**989**	937
Amortisation of intangible assets, including goodwill	**92**	92
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	**19**	18
Other operating lease rentals	**333**	334
Defined contribution pension cost	**165**	159

During the period, no director received any emoluments (2015 - £NIL).

6. Auditors' remuneration

	2016 £000	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	**19**	18

7. Employees

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

	2016 £000	2015 £000
Wages and salaries	**5,116**	4,500
Social security costs	**537**	462
Cost of defined contribution scheme	**165**	159
	5,818	5,121

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

	2016 No.	2015 No.
Production	**104**	96
Sales and distribution	**4**	3
Administration	**53**	42
	161	141

8. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	**6**	41
Finance leases and hire purchase contracts	**40**	90
	46	131

9. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	**(22)**	-
Total current tax	**(22)**	-
Deferred tax		
Origination and reversal of timing differences	**90**	(630)
Changes to tax rates	**171**	203
Total deferred tax	**261**	(427)
Taxation on profit/(loss) on ordinary activities	**239**	(427)

9. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	**1,341**	1,616
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	**268**	339
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**10**	11
Capital allowances for period/year in excess of depreciation	**69**	(74)
Utilisation of tax losses	**(170)**	(203)
Short term timing difference leading to an increase (decrease) in taxation	**(67)**	(73)
Deferred tax movement leading to an increase (decrease) in taxation	**-**	(427)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**(22)**	-
Unrelieved tax losses carried forward	**151**	-
Total tax charge for the period/year	**239**	(427)

Factors that may affect future tax charges

The group has unutilised losses of approximately £5m 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 foreseeable future based upon their projections of the company's future profitability. As a consequence a deferred tax asset of £819,000 (2015: £970,000) has been recognised in respect of unutilised losses, which forms part of the total recognised deferred tax asset of £967,000 (2015: £1,228,000).

10. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the period/year was £3,000 (2015 - £NIL).

11. Intangible assets

Group and Company

	Goodwill
	£000
Cost	
At 1 April 2015	900
At 31 March 2016	900
Amortisation	
At 1 April 2015	357
Charge for the year	92
At 31 March 2016	449
Net book value	
At 31 March 2016	451
At 31 March 2015	543

12. Tangible fixed assets

Group

	Short-term leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 April 2015	569	11,779	257	12,605
Additions	-	840	-	840
Disposals	-	(100)	-	(100)
At 31 March 2016	569	12,519	257	13,345
Depreciation				
At 1 April 2015	494	8,262	257	9,013
Charge owned for the period	51	428	-	479
Charge financed for the period	-	510	-	510
Disposals	-	(100)	-	(100)
At 31 March 2016	545	9,100	257	9,902
Net book value				
At 31 March 2016	24	3,419	-	3,443
At 31 March 2015	75	3,517	-	3,592

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

	2016 £000	2015 £000
Plant and machinery	697	2,657
	697	2,657

13. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Opus Trust Marketing Limited	England and Wales	Ordinary	100 %	Business critical mailing

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
ADM Group Mailing Services Limited	England and Wales	Ordinary	100 %	Dormant
Optecon Limited	England and Wales	Ordinary	100 %	Dormant
OTM Fulfilment Limited	England and Wales	Ordinary	100 %	Dormant
OTM Mailing Limited	England and Wales	Ordinary	100 %	Dormant

Company

	Investments in subsidiary companies £000
Cost or valuation	
Additions	**6,579**
At 31 March 2016	**6,579**
Net book value	
At 31 March 2016	**6,579**
At 31 March 2015	-

14. Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Consumables	263	312	-	-
	263	312	-	-

15. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due after more than one year				
Deferred taxation	439	859	-	-
	439	859	-	-

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due within one year				
Trade debtors	4,571	5,155	-	-
Other debtors	109	99	-	-
Prepayments and accrued income	558	554	-	-
Deferred taxation	528	369	-	-
	5,766	6,177	-	-

16. Cash and cash equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	923	703	-	-
	923	703	-	-

17. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade creditors	**1,753**	3,042	-	-
Amounts owed to companies under common control	-	716	-	-
Taxation and social security	**743**	600	-	-
Obligations under finance lease and hire purchase contracts	**232**	931	-	-
Other creditors	**7**	7	-	-
Accruals and deferred income	**1,723**	933	**3**	-
	4,458	6,229	**3**	-

18. Creditors: Amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Net obligations under finance leases and hire purchase contracts	-	232	-	-
	-	232	-	-

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £000	Group 2015 £000
Within one year	**232**	931
Between 1-2 years	-	232
	232	1,163

20. Financial instruments

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets that are debt instruments measured at amortised cost	**4,680**	5,254	**-**	-
	4,680	5,254	**-**	-
Financial liabilities measured at amortised cost	**(3,483)**	(4,699)	**(3)**	-
	(3,483)	(4,699)	**(3)**	-

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial Liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

21. Financial risk management approach

The group has exposure to two main areas of risk – liquidity risk and customer credit exposure. The group 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 group from events that may hinder its performance.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. The group'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. In the event that these cash flows would not be sufficient to enable the group to meet all of its obligations the company has available credit facilities provided by its bankers. With these facilities in place the company is in a position to meets its commitments and obligations as they fall due.

Customer credit exposure

The group regularly offers credit terms to its customers which allow for payment of the debt after delivery services or provision of finance. The group 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 group's trade debtors and loans given to individuals are shown in note 15.

22. Deferred taxation

Group

	2016 £000	2015 £000
At beginning of year	1,228	801
Charged to the profit or loss	(261)	427
At end of year	967	1,228

	Group 2016 £000	Group 2015 £000
Accelerated capital allowances	148	258
Tax losses carried forward	819	970
	967	1,228

23. Share capital

	2016 £000	2015 £000
Shares classes as equity		
1,372,971 Ordinary shares of £0.25 each	343	-
1,374,407 Deferred shares of £0.25 each	344	-
	687	-

Upon incorporation the company issued 1,372,971 ordinary shares and 1,374,407 deferred shares each with a nominal value of £0.25.

24. Reserves

Merger Reserve

This reserve comprises the additional cost of the investment over the nominal value of the company's share capital.

Profit and 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 period ended 31 March 2016

25. Pension commitments

The group operates two defined contributions pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £165,000 (2015: £159,000).

26. Commitments under operating leases

At 31 March 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000
Not later than 1 year	**204**	-
Later than 1 year and not later than 5 years	**101**	643
	305	643

27. Related party transactions

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 March 2016, are as follows:

	2016 £000	2015 £000
Purchases from companies under common control	**670**	51
Loans due to companies under common control	**-**	716

All directors, including directors of the subsidiary company Opus Trust Marketing Limited, and senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total compensation payable in respect of these individuals is £735,000 (2015: £712,000).