Registered number: 09366057

Opus 107 Limited

Annual report and financial statements

For the year ended 31 March 2019

Opus 107 Limited

Company Information

Directors	P C De Haan S C Johnson M G Greville
Company secretary	S J Ghysen
Registered number	09366057
Registered office	Unit 328/9 Metalbox Factory 30 Great Guildford Street London SE1 0HS
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	Pinsent Masons LLP 3 Colmore Circus Birmingham B4 6BH

Opus 107 Limited

Contents

Group strategic report
For the year ended 31 March 2019

Introduction

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

Business review

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

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

Profit before exceptional costs and tax increased by 5.4% to £562,000 over the prior year. Exceptional costs were significant in the year as a result of a business restructure to align the overhead costs with the underlying business. These changes saw the introduction of a new Executive Leadership Team.

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

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

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

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

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

Principle risks and uncertainties

Competitive and pricing risks

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

Credit risk

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

Liquidity risk

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

Key Performance Indicators

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

Future

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

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

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

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

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

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

S C Johnson
Director

Directors' report
For the year ended 31 March 2019

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

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £48,000 (2018 - loss £2,000).

During the year ended 31 March 2019, the company paid a dividend of £500,000 (2018: £NIL).

Directors

The directors who served during the year were:

P C De Haan
S C Johnson
M G Greville

Financial 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.

Matters covered in the strategic report

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

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

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company 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 17 December 2019 and signed on its behalf.

S C Johnson
Director

Directors' responsibilities statement
For the year ended 31 March 2019

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's financial statements and then apply them consistently;
- make judgements 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and 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

Opinion

We have audited the financial statements of Opus 107 Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Canterbury

17 December 2019

Consolidated statement of comprehensive income
For the year ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	4	**28,704**	26,404
Cost of sales		**(21,901)**	(19,608)
Gross profit		**6,803**	6,796
Administrative expenses		**(6,241)**	(6,264)
Operating profit	5	**562**	532
Exceptional administrative expenses	10	**(539)**	(206)
Total operating profit		**23**	326
Tax on profit	8	**25**	(328)
Profit/(loss) for the financial year		**48**	(2)
Total comprehensive income for the year		**48**	(2)
Profit/(loss) for the year attributable to:			
Owners of the parent Company		**48**	(2)
		48	(2)

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 2019

	Note		2019 £000		2018 £000
Fixed assets					
Intangible assets	12		**176**		267
Tangible assets	13		**2,816**		3,927
			2,992		4,194
Current assets					
Stocks	15	**247**		175	
Debtors: amounts falling due after more than one year	16	**387**		393	
Debtors: amounts falling due within one year	16	**6,979**		6,489	
Cash at bank and in hand	17	**1,258**		1,876	
		8,871		8,933	
Creditors: amounts falling due within one year	18	**(4,976)**		(5,788)	
Net current assets			**3,895**		3,145
Net assets			**6,887**		7,339
Capital and reserves					
Called up share capital	20		**687**		687
Merger reserve	21		**1,206**		1,206
Profit and loss account	21		**4,994**		5,446
Equity attributable to owners of the parent Company			**6,887**		7,339

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

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 2019

	Note		2019		2018
			£000		£000
Fixed assets					
Investments	14		**6,579**		6,579
			6,579		6,579
Current assets					
Debtors: amounts falling due within one year	16	**7**		1	
		7		1	
Creditors: amounts falling due within one year	18	**(3)**		(10)	
Net current assets/(liabilities)			**4**		(9)
Total assets less current liabilities			**6,583**		6,570
Net assets			**6,583**		6,570
Capital and reserves					
Called up share capital	20		**687**		687
Merger reserve	21		**5,892**		5,892
Profit and loss account	21		**4**		(9)
			6,583		6,570

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

S C Johnson
Director

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

Consolidated statement of changes in equity
For the year ended 31 March 2019

	Called up share capital £000	Merger reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 1 April 2018	687	1,206	5,446	7,339	7,339
Comprehensive income for the year					
Profit for the year	-	-	48	48	48
Total comprehensive income for the year	-	-	48	48	48
Dividends	-	-	(500)	(500)	(500)
Total transactions with owners	-	-	(500)	(500)	(500)
At 31 March 2019	687	1,206	4,994	6,887	6,887

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

Consolidated statement of changes in equity
For the year ended 31 March 2018

	Called up share capital £000	Merger reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 1 April 2017	687	1,206	5,448	7,341	7,341
Comprehensive income for the year					
Loss for the year	-	-	(2)	(2)	(2)
Total comprehensive income for the year	-	-	(2)	(2)	(2)
Total transactions with owners	-	-	-	-	-
At 31 March 2018	687	1,206	5,446	7,339	7,339

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

Company statement of changes in equity
For the year ended 31 March 2019

	Called up share capital £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2018	687	5,892	(9)	6,570
Comprehensive income for the year				
Profit for the year	-	-	513	513
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(500)	(500)
At 31 March 2019	687	5,892	4	6,583

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

Company statement of changes in equity
For the year ended 31 March 2018

	Called up share capital £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2017	687	5,892	(6)	6,573
Comprehensive income for the year				
Loss for the year	-	-	(3)	(3)
At 31 March 2018	687	5,892	(9)	6,570

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

Consolidated statement of cash flows
For the year ended 31 March 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Profit for the financial year	**48**	(2)
Adjustments for:		
Amortisation of intangible assets	**92**	92
Depreciation of tangible assets	**1,066**	965
Loss on disposal of tangible assets	**100**	-
Taxation charge	**(25)**	328
(Increase)/decrease in stocks	**(72)**	32
(Increase) in debtors	**(460)**	(663)
(Decrease)/increase in creditors	**(812)**	1,280
Net cash generated from operating activities	**(63)**	2,032
Cash flows from investing activities		
Purchase of tangible fixed assets	**(202)**	(2,162)
Sale of tangible fixed assets	**147**	-
Net cash from investing activities	**(55)**	(2,162)
Cash flows from financing activities		
Dividends paid	**(500)**	-
Net cash used in financing activities	**(500)**	-
Net (decrease) in cash and cash equivalents	**(618)**	(130)
Cash and cash equivalents at beginning of year	**1,876**	2,006
Cash and cash equivalents at the end of year	**1,258**	1,876
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,258**	1,876
	1,258	1,876

1. General information

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

The address of the registered office is Unit 328/9 Metalbox Factory, 30 Great Guilford Street, London, SE1 0HS.

The company number is 09366057.

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 unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's functional presentational currency is Pounds Sterling.

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

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

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

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 following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company 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.

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 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.5 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 payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income 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. Accounting policies (continued)

2.6 Current and deferred taxation

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

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

2.7 Exceptional items

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

2.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	
			years

2. Accounting policies (continued)

2.9 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.

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.

2.10 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.

2.11 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.

2.12 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.

2.13 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. Accounting policies (continued)

2.14 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 Group's cash management.

2.15 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)

2.16 Financial instruments

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

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

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

- at fair value with changes recognised in the Consolidated statement of comprehensive income 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 Consolidated statement of comprehensive income.

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.

2.17 Dividends

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

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

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

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 £176,000 (2018 - £267,000) at the reporting date (see note 12). 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 £2,816,000 (2018 - £3,927,000) at the reporting date (see note 13). These assets are stated at their cost less provision for depreciation and impairment. The 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 asset amounting to £524,000 (2018 - £499,000) at the reporting date (see note 19). This provision is based upon estimates of the availability of future taxable profits, the timing of the reversal of timing differences upon which the provision is based and the tax rates that will be in force at that time together with an assessment of the impact of future tax planning strategies.

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

4. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	**1,066**	965
Amortisation of intangible assets, including goodwill	**91**	92
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	**1**	1
Other operating lease rentals	**361**	344
Defined contribution pension cost	**323**	201

6. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	**22**	20

7. Employees

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

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Wages and salaries	**5,613**	5,574	**-**	-
Social security costs	**607**	564	**-**	-
Cost of defined contribution scheme	**323**	201	**-**	-
	6,543	6,339	**-**	-

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

	2019 No.	2018 No.
Production	**91**	98
Sales and distribution	**12**	7
Administration	**55**	57
	158	162

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

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

8. Taxation

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

Factors affecting tax charge for the year

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

	2019 £000	2018 £000
Profit on ordinary activities before tax	22	326
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	4	62
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3	-
Utilisation of tax losses	(59)	(50)
Depreciation in excess of capital allowances	52	(12)
Deferred tax movement leading to a (decrease) increase in taxation	(25)	328
Total tax charge for the year	(25)	328

Factors that may affect future tax charges

The group has unutilised losses of approximately £2,882k being carried forward for offset against future taxable income. A deferred tax asset has been recognised in respect of 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 £548,000 (2018: £532,000) has been recognised in respect of unutilised losses, which forms part of the total recognised deferred tax asset of £524,000 (2018: £499,000).

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

9. Dividends

	2019 £000	2018 £000
Dividends paid	**500**	-
	500	-

10. Exceptional items

	2019 £000	2018 £000
Exceptional items	**539**	206
	539	206

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

11. 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 profit after tax of the parent Company for the year was £13,000 (2018 - loss £3,000).

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

12. Intangible assets

Group

	Goodwill
	£000
Cost	
At 1 April 2018	900
At 31 March 2019	900
Amortisation	
At 1 April 2018	633
Charge for the year	91
At 31 March 2019	724
Net book value	
At 31 March 2019	176
At 31 March 2018	267

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

13. Tangible fixed assets

Group

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

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

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2018	**6,579**
At 31 March 2019	**6,579**

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Principal activity	Class of shares	Holding
Opus Trust Marketing Limited	Business critical mailing	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Opus Trust Marketing Limited	**6,883**	**50**

15. Stocks

	Group 2019 £000	Group 2018 £000
Raw materials	**247**	175
	247	175

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

16. Debtors

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Due after more than one year				
Deferred tax asset	387	393	-	-
	387	393	-	-

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Due within one year				
Trade debtors	5,666	5,344	-	-
Amounts owed by group undertakings	-	-	5	-
Accrued income	304	452	2	1
Prepayments	873	587	-	-
Deferred taxation	136	106	-	-
	6,979	6,489	7	1

17. Cash and cash equivalents

	Group 2019 £000	Group 2018 £000
Cash at bank and in hand	1,258	1,876
	1,258	1,876

18. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade creditors	2,064	2,284	-	-
Amounts owed to group undertakings	-	-	-	7
Other taxation and social security	860	816	-	-
Other creditors	24	47	-	-
Accruals and deferred income	2,028	2,641	3	3
	4,976	5,788	3	10

19. Deferred taxation

Group

	2019	2018
	£000	£000
At beginning of year	**499**	827
Charged to profit or loss	**25**	(328)
At end of year	**524**	499

	Group	Group
	2019	2018
	£000	£000
Accelerated capital allowances	**(24)**	(33)
Tax losses carried forward	**548**	532
	524	499

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

20. Share capital

	2019	2018
	£000	£000
Allotted, called up and fully paid		
1,372,971 (2018 - 1,372,971) Ordinary shares of £0.25 each	343	343
1,374,407 (2018 - 1,374,407) Deferred shares of £0.25 each	344	344
	687	687

21. 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.

22. Analysis of net debt

	At 1 April 2018	Cash flows	At 31 March 2019
	£000	£000	£000
Cash at bank and in hand	1,876	(618)	1,258
	1,876	(618)	1,258

23. Contingent liabilities

Opus Trust Marketing Limited, a subsidiary of Opus 107 Limited, guarantees facilities of Opus Trust Group Limited and its subsidiaries, a company under common control. The company had no exposure under this liability at the balance sheet date or in the previous year.

24. 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 £323,000 (2018: £201,000). Contributions totalling £27,000 (2018:£8,612) were paybale to the fund at the balance sheet date and were included within creditors.

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

25. Commitments under operating leases

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

	Group 2019 £000	Group 2018 £000
Not later than 1 year	**222**	25
Later than 1 year and not later than 5 years	**1,304**	10
Later than 5 years	**-**	1,739
	1,526	1,774

26. Related party transactions

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

	2019 £000	2018 £000
Purchases from companies under common control	**607**	681

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 £805,000 (2018: £733,000).

27. Controlling party

There is no controlling party.