Registered number: SC160484

Critiqom Limited

Annual Report and Financial Statements

For the Year Ended 31 March 2021

Critiqom Limited

Company Information

Directors	G Crawley P C De Haan S C Johnson H Savage A Strong
Company secretary	S J Ghysen
Registered number	SC160484
Registered office	Document House Phoenix Crescent Strathclyde Business Park Bellshill ML4 3NJ
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	Bank of Scotland Plc The Mound Edinburgh EH1 1YZ
Solicitors	Pinsent Masons LLP 3 Colmore Circus Birmingham B4 6BH

Critiqom Limited

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Strategic Report
For the Year Ended 31 March 2021

Introduction

I am pleased to report another period of strong trading in a market that remains highly challenging, particularly in the light of the global pandemic.

Business review

Critiqom is an integrated business services company with a commitment to drive value for our clients and sustainable profit improvement, through the provision of increasingly digitally enabled solutions for all sectors of the critical communications market.

Revenue was impacted by the global pandemic early in the year but recovered well during the second half and was still strong at £14m for the year, gross margin maintained at 18.1% and £2.53m. Progress on operating costs following the restructure after the acquisition by Opus Trust Communications were down leading to an Operating Profit before Exceptional costs of £921k, a significant increase over the £181k for the previous 15 month period. Exceptional Costs of £689k were incurred to streamline operations including the closure of the Warrington site.

The company's strength in the Public Sector continues with the securing of a four-year national framework agreement for the provision of postal services for Scottish Procurement in addition to its existing Crown Commercial Services framework agreement.

Following the year end our parent company has made a further acquisition with Adare SEC Limited joining the Opus Trust group. This combination creates a group with revenues in excess of £100m and more than 500 staff across 5 sites enhancing our capability as a leader in the customer communications market with strong credentials in digital transformation.

The financial year has seen an impact from COVID 19 on the business however with the tremendous support of all our colleagues in Critiqom we have maintained our focus on delivering the best results for our clients and that level of service and customer intimacy has been a major contributor in the organic growth of our business. We continue to rise to the challenge of the pandemic in keeping our staff and clients safe and I would like to thank all my colleagues in Opus Trust for their exceptional efforts in very challenging circumstances in the working environment and outside, it is a privilege to work with our team.

Principal 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 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.

Economic risk

The company is subject to many of the same general economic risks faced by other businesses and especially during periods of economic uncertainty with COVID-19. The company seeks to mitigate this risk by having a diverse customer base together with robust forecasting and planning.

Financial key performance indicators

The Directors regularly review and analyse a balanced scorecard of KPI's in order to assess and measure the company's performance and its financial position. These include turnover, profit margins and cash flow.

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.

COVID-19 Global Pandemic has impacted the business. However, because of our lack of exposure to Marketing Mail and our activity dedicated to Transactional Communications the impact has been manageable and not caused any impact on our ability to continue to provide our services to our clients.

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

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

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

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

This report was approved by the board on 24 December 2021 and signed on its behalf.

A Strong
Director

Directors' Report
For the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Principal activity

The principal activity of the company is an intelligent and efficient outsourcing company, handling sensitive business data and managing the relevant communications.

Results and dividends

The profit for the year, after taxation, amounted to £182,000 (2020 - £150,000).

During the year 31 March 2021 and the prior period ended 31 March 2020, the company did not declare a dividend.

Directors

The directors who served during the year were:

G Crawley
P C De Haan
R Farmer (resigned 7 May 2021)
S C Johnson
H Savage
A Strong

Future developments

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

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

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

This report was approved by the board on 24 December 2021 and signed on its behalf.

A Strong
Director

Directors' Responsibilities Statement
For the Year Ended 31 March 2021

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

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

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make 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 company will continue in business.

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

Independent Auditors' Report to the Members of Critiqom Limited

Opinion

We have audited the financial statements of Critiqom Limited (the 'company') for the year ended 31 March 2021, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report to the Members of Critiqom Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report to the Members of Critiqom 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

• Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and

• Assessment of identified fraud risk factors; and

• Discussions with appropriate personnel to gain further insight into the control systems implemented, and the risk of irregularity; and

• Challenging assumptions and judgements made by management in its significant accounting estimates; and

• Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and

• Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and

• Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and

• Reading minutes of meetings of those charged with governance; and

• Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and

• Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

Independent Auditors' Report to the Members of Critiqom Limited (continued)

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.

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.

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

24 December 2021

Statement of Income and Retained Earnings
For the Year Ended 31 March 2021

	Note	31 March 2021 £000	15 month period ended 31 March 2020 £000
Turnover	4	**14,014**	20,046
Cost of sales		**(11,484)**	(16,346)
Gross profit		**2,530**	3,700
Administrative expenses		**(1,795)**	(3,519)
Other operating income	5	**186**	-
Operating profit	6	**921**	181
Exceptional administrative expenses		**(689)**	-
Total operating profit		**232**	181
Interest payable and expenses	9	**(4)**	(58)
Profit before tax		**228**	123
Tax on profit	10	**(46)**	27
Profit after tax		**182**	150
Retained earnings at the beginning of the year		**546**	396
		546	396
Profit for the year		**182**	150
Retained earnings at the end of the year		**728**	546

The notes on pages 11 to 26 form part of these financial statements.

Critiqom Limited
Registered number: SC160484

Balance Sheet
As at 31 March 2021

	Note		2021 £000		2020 £000
Fixed assets					
Tangible assets	12		**155**		154
Current assets					
Stocks	13	**26**		97	
Debtors: amounts falling due after more than one year	14	**655**		654	
Debtors: amounts falling due within one year	14	**3,781**		3,793	
Cash at bank and in hand	15	**1,675**		1	
		6,137		4,545	
Creditors: amounts falling due within one year	16	**(5,564)**		(4,140)	
Net current assets			**573**		405
Total assets less current liabilities			**728**		559
Provisions for liabilities					
Deferred tax	18	**-**		(13)	
			-		(13)
Net assets			**728**		546
Capital and reserves					
Called up share capital	19		**-**		-
Profit and loss account	20		**728**		546
			728		546

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 December 2021.

A Strong
Director

The notes on pages 11 to 26 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 March 2021

1. General information

Critiqom Limited is a limited liability company incorporated in Scotland.

The address of the registered office is Document House, Phoenix Crescent, Strathclyde Business Park, Bellshill, ML4 3NJ.

The company number is SC160484.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Opus 107 Limited as at 31 March 2021 and these financial statements may be obtained from Unit 328/9 Metalbox Factory, 30 Great Guilford Street, London, SE1 0HS.

2.3 Going concern

The financial statements have been prepared on a going concern basis. While the impact of the Covid-19 virus has been assessed by the directors, so far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential outcomes on the company's trade, its customers and suppliers. However, taking into consideration the UK Government's response and the company's planning, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

2. Accounting policies (continued)

2.4 Revenue

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

Rendering of services

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

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

2.5 Operating leases: the company as lessee

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

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 Pensions

Defined contribution pension plan

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

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

2. Accounting policies (continued)

2.9 Current and deferred taxation

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

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

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

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

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

2.10 Exceptional items

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

2.11 Tangible fixed assets

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

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

2. Accounting policies (continued)

2.11 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.

Depreciation is provided on the following basis:

Plant and machinery	-	10% or 20%
Motor vehicles	-	25%
Computer equipment	-	20% or 33%

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 profit or loss.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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.

2.14 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.

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 Provisions for liabilities

Provisions are made where an event has taken place that gives the company 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 profit or loss in the year that the company 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 Financial instruments

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

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

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

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

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

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

2.18 Invoice financing

The company uses Invoice Financing through the Royal Bank of Scotland plc to accelerate the receipt of funds due from debtors. No rights are transferred to the finance provider, all benefits and risks remain with the company and all finance is potentially repayable therefore linked presentation is not appropriate. Accordingly debtors disclosed in full within the Balance Sheet and the associated finance is disclosed within creditors due within one year.

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

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

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

Lease Commitments

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

Tangible fixed assets

The company has recognised tangible fixed assets with a carrying value of £155,000 (2020 - £154,000) at the reporting date (see note 12). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired.

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

Taxation

Provision has been made in the financial statements for a deferred tax asset amounting to £113,000 (2020 - £159,000) at the reporting date (see note 18). This provision is based upon estimates of the availability of future taxable profits, the timing of the reversal of timing differences upon which the provision is based and the tax rates that will be in force at that time together with an assessment of the impact of future tax planning strategies.

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. Other operating income

	31 March 2021 £000	15 month period ended 31 March 2020 £000
Government grants receivable	**186**	-
	186	-

6. Operating profit

The operating profit is stated after charging:

	31 March 2021 £000	15 month period ended 31 March 2020 £000
Depreciation on owned assets	**98**	425
Auditors remuneration - audit fees	**14**	14
Auditors remuneration - taxation and other services	**2**	2
Operating lease payments - land and buildings	**187**	234
Operating lease payments - plant, machinery and equipment	**81**	183

7. Employees

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

	31 March 2021 £000	15 month period ended 31 March 2020 £000
Wages and salaries	**1,692**	3,620
Social security costs	**189**	366
Cost of defined contribution scheme	**54**	122
	1,935	4,108

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

	31 March 2021 No.	15 month period ended 31 March 2020 No.
Directors	**6**	6
Staff	**55**	84
	61	90

8. Directors' remuneration

	31 March 2021 £000	15 month period ended 31 March 2020 £000
Directors' emoluments	**105**	379
Company contributions to defined contribution pension schemes	**4**	52
	109	431

During the year retirement benefits were accruing to 1 director (2020 - 3) in respect of defined contribution pension schemes.

Notes to the Financial Statements
For the Year Ended 31 March 2021

9. Interest payable and similar expenses

	31 March 2021 £000	15 month period ended 31 March 2020 £000
Bank interest payable	2	25
Finance leases and hire purchase contracts	-	3
Other interest payable	2	30
	4	58

10. Taxation

	31 March 2021 £000	15 month period ended 31 March 2020 £000
Deferred tax		
Origination and reversal of timing differences	(14)	(54)
Utilisation of losses	60	27
Total deferred tax	46	(27)
Taxation on profit/(loss) on ordinary activities	46	(27)

10. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	31 March 2021 £000	15 month period ended 31 March 2020 £000
Profit on ordinary activities before tax	**228**	123
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**43**	23
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**-**	3
Capital allowances for year/period in excess of depreciation	**12**	28
Utilisation of tax losses	**(55)**	(49)
Deferred tax movement leading to an increase (decrease) in taxation	**46**	(27)
Non-taxable income	**-**	(5)
Total tax charge for the year/period	**46**	(27)

Factors that may affect future tax charges

The company has unutilised losses of approximately £586k being carried forward for offset against future taxable income. A deferred tax asset has been recognised in respect of these losses which the directors are confident will be utilised within the foreseeable future based upon their projections of the company's future profitability. As a consequence a deferred tax asset of £110,000 (2020: £171,000) has been recognised in respect of unutilised losses, which forms part of the total recognised deferred tax asset of £113,000 (2020: £158,000).

11. Exceptional items

	31 March 2021 £000	15 month period ended 31 March 2020 £000
Restructuring costs	**689**	-
	689	-

The company incurred exceptional costs during the year relating to termination costs. The cost of this totalled £689,000 (2020: £Nil).

Notes to the Financial Statements
For the Year Ended 31 March 2021

12. Tangible fixed assets

	Plant and machinery	Motor vehicles	Computer equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2020	1,352	11	1,062	2,425
Additions	87	-	11	98
Disposals	(621)	-	-	(621)
At 31 March 2021	818	11	1,073	1,902
Depreciation				
At 1 April 2020	1,305	11	955	2,271
Charge for the year on owned assets	48	-	49	97
Disposals	(621)	-	-	(621)
At 31 March 2021	732	11	1,004	1,747
Net book value				
At 31 March 2021	86	-	69	155
At 31 March 2020	47	-	107	154

Notes to the Financial Statements
For the Year Ended 31 March 2021

13. Stocks

	2021	2020
	£000	£000
Raw materials and consumables	26	97
	26	97

14. Debtors

	2021	2020
	£000	£000
Due after more than one year		
Amounts owed by group undertakings	655	654
	655	654

	2021	2020
	£000	£000
Due within one year		
Trade debtors	3,501	2,968
Amounts owed by group undertakings	-	377
Other debtors	2	7
Prepayments and accrued income	165	270
Deferred taxation	113	171
	3,781	3,793

Confidential Invoice Discounting is provided by arrangement with Royal Bank of Scotland plc. All of the company's trade debtors have been financed in such a manner with the corresponding liability disclosed within creditors as part of the bank overdraft figure.

15. Cash and cash equivalents

	2021	2020
	£000	£000
Cash at bank and in hand	1,675	1
Less: bank overdrafts	-	(496)
	1,675	(495)

Notes to the Financial Statements
For the Year Ended 31 March 2021

16. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Bank overdrafts	-	496
Trade creditors	2,563	2,186
Amounts owed to group undertakings	344	-
Other taxation and social security	1,758	726
Obligations under finance lease and hire purchase contracts	-	13
Other creditors	9	-
Accruals and deferred income	890	719
	5,564	4,140

Included within bank overdrafts is £Nil (2020: £495,000) of finance provided in respect of Confidential Invoice Discounting by the Royal Bank of Scotland plc.

The bank overdraft is secured by a bond and floating charge over the whole assets of the company and cross guarantees between the company and its parent.

Amounts due under hire purchase and finance lease creditors are secured on the assets financed under these agreements.

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £000	2020 £000
Within one year	-	13
	-	13

18. Deferred taxation

	2021 £000
At beginning of year	159
Utilised in year	(46)
At end of year	113

18. Deferred taxation (continued)

The deferred tax balance is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	**2**	(12)
Tax losses carried forward	**111**	171
	113	159
Comprising:		
Asset - due within one year	**113**	171
Liability	**-**	(13)
	113	158

19. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
2 (2020 - 2) Ordinary shares shares of £1.00 each	**-**	-

20. Reserves

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.

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £54,379 (2020: £122,456). Contributions totalling £8,622 (2020: £Nil) were payable to the fund at the balance sheet date and were included within creditors.

22. Commitments under operating leases

At 31 March 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	**262**	269
Later than 1 year and not later than 5 years	**341**	488
	603	757

23. Related party transactions

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the group.

In the prior year, J McCoach and J McKay, who were directors of the company, were both remunerated through invoices for their services during the year totalling £21,000.

During the year the company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 31 March 2021, are as follows:

	2021 £000
Purchases from companies under common control	**29**

24. Post balance sheet events

On 6 December 2021 a floating charge was issued by Clydesdale Bank Plc over the company's property and assets.

25. Controlling party

The immediate parent undertaking is Document Outsourcing Group Limited, a company incorporated in Scotland.

The parent company of Document Outsourcing Group Limited is Opus Trust Marketing Limited (trading as Opus Trust Communications). The financial statements of Opus Trust Marketing Limited are consolidated and can be obtained from the company's registered office.

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

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