

Registration number: 02379290

OPTIMUM GROUP SERVICES PLC

Financial Statements

for the Year Ended 31 March 2018



BREBNERS
Chartered Accountants & Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

OPTIMUM GROUP SERVICES PLC

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OPTIMUM GROUP SERVICES PLC

Company Information

Directors JF Crehan
J Moore

Company secretary A Crehan

Registered office Jebson House
53 - 61 High Street
Ruislip
HA4 7BD

Auditors Brebners
Chartered Accountants & Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

OPTIMUM GROUP SERVICES PLC

Strategic Report for the Year Ended 31 March 2018

The directors present their strategic report for the year ended 31 March 2018.

Principal activity

The principal activity of the company is the provision of optimised facility management and building performance covering all aspects of engineering operations and fabric maintenance to maximise occupancy comfort and commercial building performance.

Fair review of the business

The 2016/17 year produced continued growth in sales moved from £36m to £40m, a growth of over 11%. This continued in 2017/18 with significant growth and profit increase.

Optimum continued to invest in key market growth sectors, particularly Data Centres and Real Estate. This investment included technological and digital advancement in building performance and energy efficiency.

As part of a new strategic plan, significant investment also included substantial upgrades to our Financial and Human Resource business management software.

The project sector marginally underperformed plan. This was mainly due to the deferment of high value projects by clients. It is expected that these projects will be realised during the next 24 months. Some of this deferment can be attributed to Brexit uncertainty. We expected and have therefore built this factor into our business plan over the next 12 to 24 months.

Optimum expanded UK operations to include a new operating regional premises in Manchester with very promising contract wins being achieved. Regional expansion will play an increasingly greater part in our longer term growth and investment.

Our London premises in addition to the Ruislip Head Quarter facilities continue the investment in the Optimum team structure, and being close to key customer base concentration is a significant advantage.

The appointment of a new C.E.O. Mr James Moore (formerly Non-Exec Director for Optimum Group Services) and the move of the Company founder Mr John Crehan to Chairman confirmed a strong belief in the future leadership and continued business success.

Successful results have been achieved in all Business divisions: Data Centres, Real Estate, Corporate and Direct. Key contract renewals and significant new customers provide a very exciting foundation for our long term plan.

OPTIMUM GROUP SERVICES PLC

Strategic Report for the Year Ended 31 March 2018

Key Performance Indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover	£	61,820,682	40,004,338
Increase/(decrease) in turnover	%	55	11
Gross Margin	%	19	20

The company closely monitors its operational performance on contracts against its customers' service level agreements.

Non-Financial Key Performance Indicators

The company seeks to ensure that responsible business practice is fully integrated into the management of all of its operations and into the culture of all parts of its business. The directors believe that the consistent adoption of responsible business practice is essential for operational excellence, which in turn, ensures the delivery of its core objectives of sustained real growth in profitability.

	Unit	2018	2017
Turnover per full time employee	£	140,822	126,998
Gross profit per full time employee	£	27,335	25,555

OPTIMUM GROUP SERVICES PLC

Strategic Report for the Year Ended 31 March 2018

Financial Instruments

The company uses basic financial instruments, comprising of borrowings, cash and various other items, such as trade debtors and trade creditors that arise directly from its operations.

It is and has been throughout the year under review, the company policy that no trading in financial instruments shall be undertaken.

Financial risk management objectives and policies

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

In respect of bank balances the company had no overdraft facility during the year and the company maintained significant cash at bank balances throughout the year.

The company renders its sales and incurs its purchases, cost of sales and administrative expenses in sterling and there is therefore no currency risk.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company has credit facilities available.

Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by maintaining strong on-going customer relationships and closely monitoring outstanding debts from all sources.

OPTIMUM GROUP SERVICES PLC

Strategic Report for the Year Ended 31 March 2018

Operational Risk

The company's policy is to monitor and maintain borrowings at a level such that they continue to provide access to sufficient working capital.

Throughout its operations the company faces various internal and external risks, including those listed below. These include market risks and legislative and regulatory risks all of which could conceivably have an impact on the company's long term performance and operational viability. The company manages the risks inherent to its operations in order to mitigate exposure to all forms of risk with the implementation of specific control environments and external regulatory review where practicable. The company continues to invest in its employees with appropriate training and development programmes to mitigate personnel risk.

System and IT risk is substantially mitigated by the use of modern systems, sophisticated multiple back-up and recovery procedures and facilities.

Key operational risks the group faces:

- Effects of the global economic outlook particularly within the industry.
- Legal risks involving the laws and regulations to which the company is required to adhere within its chosen industry.
- The risk of Optimum's reputation being damaged as a consequence of any negative event associated with the firm.
- Ongoing uncertainty caused by the ongoing Brexit negotiations represents a threat to both economic stability and to the levels of investment across Europe. The company continues to monitor fluctuations in market sentiment closely.
- The company also monitors potential exposure to over-reliance on certain key contracts, recognising the potential impact upon working capital, liquidity and profitability the loss of such a contact could have. The company address this risk by developing strong working relationships across a range of key clients and strengthening the range of services available to the market. The pipeline of work is also closely monitored in conjunction with levels of internal investment and the ongoing availability of working capital.

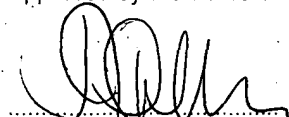
Summary

The board continuously monitor for and respond to changes in the company's risk environment, so ensuring that the group remains well placed to address operations, reputational, financial and business risks in a timely and appropriate manner.

Future Developments

The principal activity of the company is expected to remain constant for the foreseeable future, and the directors remain hopeful of building upon and improving upon 2018's performance.

Approved by the Board on 17/9/2018 and signed on its behalf by:



JF Crehan
Director

OPTIMUM GROUP SERVICES PLC

Directors' Report for the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors of the company

The directors who held office during the year were as follows:

MS Carroll (resigned 10 May 2018)

JF Crehan

J Moore

Disclosure of information in the Strategic Report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of financial instruments and future developments.

Policy on the payment of creditors

The company does not follow any specified code or standard on payment practice. However, it is the company's policy to negotiate terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. Every effort is made to adhere to these terms and payment is made when it can be confirmed that goods and/or services have been provided in accordance with the relevant contract conditions.

The creditor payment period of the company for the year was 55 days (2017: 39 days).

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company's policy is to consult and discuss with employees, through meetings, on matters likely to affect employees' interests.

Information on matters of concern to employees is given through team briefings and internal publications which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

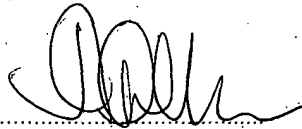
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

OPTIMUM GROUP SERVICES PLC

Directors' Report for the Year Ended 31 March 2018

Approved by the Board on 17/9/2018 and signed on its behalf by:



JF Crehan
Director

OPTIMUM GROUP SERVICES PLC

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

OPTIMUM GROUP SERVICES PLC

Independent Auditor's Report to the Members of Optimum Group Services Plc for the Year Ended 31 March 2018

Opinion

We have audited the financial statements of Optimum Group Services Plc (the 'company') for the year ended 31 March 2018, which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows, and Notes to the Financial Statements, 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 2018 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 Auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

OPTIMUM GROUP SERVICES PLC

Independent Auditor's Report to the Members of Optimum Group Services Plc for the Year Ended 31 March 2018

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

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

- adequate accounting records have not been kept, 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 Statement of Directors' Responsibilities set out on page , 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

OPTIMUM GROUP SERVICES PLC

Independent Auditor's Report to the Members of Optimum Group Services Plc for the Year Ended 31 March 2018

- 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 auditor's 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 auditor's 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 company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company 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.

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 auditor's 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.

Brebners

John Craig (Senior Statutory Auditor)
For and on behalf of

Brebners, Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

Date: 17/9/2018

OPTIMUM GROUP SERVICES PLC

Statement of Income and Retained Earnings for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	3	61,820,682	40,004,338
Cost of sales		<u>(49,820,468)</u>	<u>(31,954,585)</u>
Gross profit		12,000,214	8,049,753
Administrative expenses		<u>(10,527,451)</u>	<u>(7,196,149)</u>
Operating profit	5	<u>1,472,763</u>	<u>853,604</u>
Other interest receivable and similar income	6	37,731	32,782
Interest payable and similar charges	7	<u>(96)</u>	<u>(122)</u>
		<u>37,635</u>	<u>32,660</u>
Profit before tax		1,510,398	886,264
Taxation	11	<u>(366,192)</u>	<u>(237,281)</u>
Profit for the financial year		1,144,206	648,983
Retained earnings brought forward		3,245,091	2,621,108
Dividends paid		<u>(1,850,000)</u>	<u>(25,000)</u>
Retained earnings carried forward		<u>2,539,297</u>	<u>3,245,091</u>

All the activities of the company are from continuing operations.

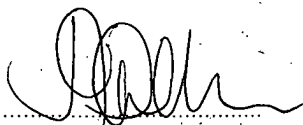
The notes on pages 15 to 29 form an integral part of these financial statements.

OPTIMUM GROUP SERVICES PLC

Statement of Financial Position as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	115,800	-
Tangible assets	13	218,879	206,585
		<u>334,679</u>	<u>206,585</u>
Current assets			
Stocks	14	599,377	568,045
Debtors	15	13,200,508	8,064,037
Cash at bank and in hand		2,540,873	2,815,111
		<u>16,340,758</u>	<u>11,447,193</u>
Creditors: Amounts falling due within one year	17	<u>(13,989,511)</u>	<u>(8,297,908)</u>
Net current assets		<u>2,351,247</u>	<u>3,149,285</u>
Total assets less current liabilities		<u>2,685,926</u>	<u>3,355,870</u>
Provisions for liabilities	18	<u>(28,982)</u>	<u>(10,779)</u>
Net assets		<u>2,656,944</u>	<u>3,345,091</u>
Capital and reserves			
Called up share capital	20	117,647	100,000
Profit and loss account	21	2,539,297	3,245,091
Total equity		<u>2,656,944</u>	<u>3,345,091</u>

Approved and authorised by the Board on 17/4/2018 and signed on its behalf by:



JF Crehan
Director

Company registration number: 02379290

The notes on pages 15 to 29 form an integral part of these financial statements.

OPTIMUM GROUP SERVICES PLC

Statement of Cash Flows for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the year		1,144,206	648,983
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	116,263	74,685
Profit on disposal of tangible assets	4	(6,414)	(350)
Finance income	6	(37,731)	(32,782)
Finance costs	7	96	122
Income tax expense	11	366,192	237,281
		<u>1,582,612</u>	<u>927,939</u>
Working capital adjustments			
(Increase)/decrease in stocks	14	(31,332)	236,513
Increase in trade and other debtors	15	(5,136,471)	(683,276)
Increase/(decrease) in trade and other creditors	17	5,593,613	(1,274,792)
		<u>2,008,422</u>	<u>(793,616)</u>
Cash generated from operations		2,008,422	(793,616)
Income taxes paid	11	(249,999)	(61,580)
Net cash flow from operating activities		<u>1,758,423</u>	<u>(855,196)</u>
Cash flows from investing activities			
Interest received	6	37,731	32,782
Acquisitions of tangible assets		(147,393)	(128,643)
Proceeds from sale of tangible assets		25,250	350
Acquisition of intangible assets	12	(115,800)	-
Net cash flows from investing activities		<u>(200,212)</u>	<u>(95,511)</u>
Cash flows from financing activities			
Interest paid	7	(96)	(122)
Proceeds from issue of ordinary shares, net of issue costs		17,647	-
Dividends paid	23	(1,850,000)	(25,000)
Net cash flows from financing activities		<u>(1,832,449)</u>	<u>(25,122)</u>
Net decrease in cash and cash equivalents		(274,238)	(975,829)
Cash and cash equivalents at 1 April		<u>2,815,111</u>	<u>3,790,940</u>
Cash and cash equivalents at 31 March		<u>2,540,873</u>	<u>2,815,111</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

1 GENERAL INFORMATION

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Jebsen House
53 - 61 High Street
Ruislip
HA4 7BD

The principal activity of the company is the provision of air conditioning, mechanical, and electrical services.

2 ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except any items disclosed in the accounting policies as being shown at fair value and are presented in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. Key assumptions and other estimation uncertainty may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

There are no judgements or accounting estimates that management have made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
It is probable that future economic benefits will flow to the entity; and
Specific criteria have been met for each of the company's activities.

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures & Fittings	3 - 4 years straight line
Motor Vehicles	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Intangible assets

Intangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Other intangible assets	5 years straight line

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company; or
- (vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

3 REVENUE

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Rendering of services	<u>61,820,682</u>	<u>40,004,338</u>

The whole of the turnover is attributable to the principal activity of the company and is wholly undertaken in the UK.

4 OTHER GAINS AND LOSSES

The analysis of the company's other gains and losses for the year is as follows:

	2018 £	2017 £
Gain (loss) on disposal of property, plant and equipment	<u>6,414</u>	<u>350</u>

5 OPERATING PROFIT

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	116,263	74,685
Profit on disposal of property, plant and equipment	<u>(6,414)</u>	<u>(350)</u>

6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £	2017 £
Interest income on bank deposits	1,509	6,872
Other finance income	<u>36,222</u>	<u>25,910</u>
	<u>37,731</u>	<u>32,782</u>

7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Interest on bank overdrafts and borrowings	<u>96</u>	<u>122</u>

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

8 STAFF COSTS

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	22,092,951	14,992,639
Social security costs	2,333,627	1,623,698
Other short-term employee benefits	88,831	86,637
Pension costs, defined contribution scheme	501,610	257,296
Other employee expense	766,481	497,305
	<u>25,783,500</u>	<u>17,457,575</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Production	381	268
Administration and support	58	46
Other departments	-	1
	<u>439</u>	<u>315</u>

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

9 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	770,583	585,393
Company contributions to defined contribution pension plans	178,551	61,733
Compensation for loss of office	-	30,000
	<u>949,134</u>	<u>677,126</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under defined benefit pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2018 £	2017 £
Remuneration	284,667	187,857
Company contributions to defined contribution pension plans	120,721	17,989
	<u>405,388</u>	<u>205,846</u>

10 AUDITORS' REMUNERATION

	2018 £	2017 £
Audit of the financial statements	<u>45,000</u>	<u>45,000</u>

Fees payable to the company's auditor and its associates for other services:

	2018 £	2017 £
Taxation compliance services	4,000	4,390
Other non audit services	5,000	5,000
	<u>9,000</u>	<u>9,390</u>

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

11 TAXATION

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	347,989	230,322
Deferred taxation		
Arising from origination and reversal of timing differences	<u>18,203</u>	<u>6,959</u>
Tax expense in the income statement	<u><u>366,192</u></u>	<u><u>237,281</u></u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>1,510,398</u>	<u>886,264</u>
Corporation tax at standard rate	286,976	177,253
Effect of expense not deductible in determining taxable profit (tax loss)	81,043	62,529
Deferred tax expense (credit)	18,203	6,959
Tax increase (decrease) from effect of capital allowances and depreciation	<u>(20,030)</u>	<u>(9,460)</u>
Total tax charge	<u><u>366,192</u></u>	<u><u>237,281</u></u>

Deferred tax

Deferred tax assets and liabilities

2018

Origination and reversal of timing differences

Liability
£

28,982

2017

Origination and reversal of timing differences

Liability
£

10,779

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

12 INTANGIBLE ASSETS

	Other intangible assets £	Total £
Cost or valuation		
Additions	115,800	115,800
At 31 March 2018	<u>115,800</u>	<u>115,800</u>
Amortisation		
Carrying amount		
At 31 March 2018	<u><u>115,800</u></u>	<u><u>115,800</u></u>

13 TANGIBLE ASSETS

	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation			
At 1 April 2017	283,617	240,675	524,292
Additions	7,447	139,946	147,393
Disposals	-	(72,874)	(72,874)
At 31 March 2018	<u>291,064</u>	<u>307,747</u>	<u>598,811</u>
Depreciation			
At 1 April 2017	192,812	124,895	317,707
Charge for the year	54,399	61,864	116,263
Eliminated on disposal	-	(54,038)	(54,038)
At 31 March 2018	<u>247,211</u>	<u>132,721</u>	<u>379,932</u>
Carrying amount			
At 31 March 2018	<u><u>43,853</u></u>	<u><u>175,026</u></u>	<u><u>218,879</u></u>
At 31 March 2017	<u><u>90,805</u></u>	<u><u>115,780</u></u>	<u><u>206,585</u></u>

14 STOCKS

	2018 £	2017 £
Work in progress	<u><u>599,377</u></u>	<u><u>568,045</u></u>

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

15 DEBTORS

	2018 £	2017 £
Trade debtors	11,781,266	5,777,504
Other debtors	646,952	2,124,211
Prepayments	631,512	162,322
Accrued income	140,778	-
Total current trade and other debtors	<u>13,200,508</u>	<u>8,064,037</u>

16 CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank	<u>2,540,873</u>	<u>2,815,111</u>

17 CREDITORS

	Note	2018 £	2017 £
Due within one year			
Trade creditors		4,889,746	2,130,988
Social security and other taxes		2,220,750	1,224,512
Other payables		72,726	47,756
Accrued expenses		6,477,977	4,664,330
Corporation tax liability	11	328,312	230,322
		<u>13,989,511</u>	<u>8,297,908</u>

18 DEFERRED TAX AND OTHER PROVISIONS

	Deferred tax £	Total £
At 1 April 2017	10,779	10,779
Deferred tax charged to the P&L account	<u>18,203</u>	<u>18,203</u>
At 31 March 2018	<u>28,982</u>	<u>28,982</u>

19 PENSION AND OTHER SCHEMES

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £501,610 (2017 - £257,297).

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

20 SHARE CAPITAL

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
Ordinary A shares of £1 (2017 - £0) each	17,647	17,647	-	-
	<u>117,647</u>	<u>117,647</u>	<u>100,000</u>	<u>100,000</u>

New shares allotted

During the year 17,647 Ordinary A Shares having an aggregate nominal value of £17,647 were allotted for an aggregate consideration of £17,647.

Rights, preferences and restrictions

Ordinary shares of £1 each have the following rights, preferences and restrictions:

Every holder of one or more Ordinary Shares shall have one vote for each Ordinary share of which they are the holder.

Ordinary A Shares of £1 each have the following rights, preferences and restrictions:

The Ordinary A shares rank pari passu to the Ordinary shares in all respects except for:

(i) Ordinary A shareholders are not entitled to dividends

(ii) In the event of a trade sale, the holder of Ordinary A shares are entitled to receive a 15% share of all net sale proceeds received in excess of £20m.

21 RESERVES

Profit and loss account

The profit and loss account includes all current and prior retained profits and losses.

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

22 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	146,015	66,848
Later than one year and not later than five years	<u>184,472</u>	<u>127,295</u>
	<u><u>330,487</u></u>	<u><u>194,143</u></u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £113,340 (2017 - £103,344).

23 DIVIDENDS

Interim dividends paid

	2018 £	2017 £
Interim dividend of £18.50 (2017 - £0.25) per each Ordinary share of £1 each	<u>1,850,000</u>	<u>25,000</u>

Dividends were paid to Mr J F Crehan and his close family.

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

24 RELATED PARTY TRANSACTIONS

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company.

Key management compensation

	2018 £	2017 £
Salaries and other short term employee benefits	<u>1,162,071</u>	<u>726,552</u>

Other transactions with directors

At 31 March 2018 an amount of £359,072 (2017: £1,744,860) was due from JF Crehan, director. During the year advances of £611,005 and repayments of £1,996,793 were made. Interest of £35,761 was charged at an annual rate of 2.5%. There are no set terms in place.

At 31 March 2018 an amount of £783 (2017: £694) was due from J Moore, director. During the year advances of £17,736 and repayments of £17,647 were made. Interest of £89 was charged at an annual rate of 2.5%. There are no set terms in place.

Summary of transactions with entities with joint control or significant interest

During the year, the company entered into transactions with Evodo Services Limited, a company under joint control.

The company made purchases to a value of £494,253 (2017: £203,832) from Evodo Services Limited during the year. Within trade creditors at the year end there was a balance of £43,846 (2017: £14,056) due from the company to Evodo Services Limited. Within other debtors at the year end there was a balance of £76,832 (2017: £66,178) due to the company from Evodo Services Limited.

25 FINANCIAL INSTRUMENTS

Categorisation of financial instruments

	2018 £	2017 £
Financial assets that are debt instruments measured at amortised cost	15,109,870	10,619,687
Financial liabilities measured at amortised cost	<u>(13,217,746)</u>	<u>(5,408,092)</u>
	<u>1,892,124</u>	<u>5,211,595</u>

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Objectives, policies and strategies for managing risks relating to financial instruments are disclosed within the Strategic Report.

OPTIMUM GROUP SERVICES PLC

Notes to the Financial Statements for the Year Ended 31 March 2018

26 CONTROLLING PARTY

Control, and ultimate control, of the company vests with J F Crehan.