

# OPTIMUM GROUP SERVICES PLC

Financial Statements

for the Year Ended 31 March 2019

## 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

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<b>Directors</b>	J F Crehan J Moore
<b>Company secretary</b>	A Crehan
<b>Registered office</b>	Jebsen House 53 - 61 High Street Ruislip HA4 7BD
<b>Auditors</b>	Brebners Chartered Accountants & Statutory Auditor 130 Shaftesbury Avenue London London W1D 5AR

# OPTIMUM GROUP SERVICES PLC

## Strategic Report for the Year Ended 31 March 2019

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The directors present their strategic report for the year ended 31 March 2019.

### 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

Optimum Group Services has continued to develop its business in line with our overall 5 Year strategic plan.

Market conditions have been challenging while the Brexit uncertainty has clearly disturbed customer investment timings on new capital plant and building fabrics, as an example.

Optimum Group Services has however continued to invest in new technologies and Digital A.I. upgrades. This has kept us at the leading edge of fast-moving building occupier and owner requirements.

Our Divisional strategy with our defined focus on Corporate, Real Estate and Data Centre sectors has been well received by customers, as has our provision of Hard F.M. and now in 2018/19 a number of full Total F.M. Solutions.

Optimum Group Services continues to trade from a solid financial basis with positive EBIT results and a clear focus on overhead control. We work closely with all our customers to ensure payment; debtor recoverability and capital adequacy is robust.

Despite the challenging market conditions noted above, turnover has increased by 9% to £67.3m (2018: £61.8m), with gross margins registering a slight increase over the prior year to 20% (2018: 19%). This increase has been driven primarily by significant new maintenance contract wins from both new and existing corporate clients, and the ongoing strengthening of the senior management team. The decrease in pre-tax profitability to £1.1m (2018: £1.5m) reflects an increase in administrative expenditure and the continued investment in both the senior management team and new technologies as the Company continues to position itself at the leading edge of the market.

Management remain satisfied with the underlying performance of the business in the current economic climate and the management of working capital, which sees the Company holding in excess of £2.4m of cash at the year end and an increase in net current assets to £3.25m (2018: £2.35m). Total equity has also increased to £3.4m (2018: £2.65m).

# OPTIMUM GROUP SERVICES PLC

## Strategic Report for the Year Ended 31 March 2019

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### Key Performance Indicators

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

	Unit	2019	2018
Turnover	£	67,283,019	61,820,682
Increase/(decrease) in turnover	%	9	55
Gross Margin	%	20	19

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	2019	2018
Turnover per full time employee	£	140,466	140,822
Gross profit per full time employee	£	27,682	27,335

# OPTIMUM GROUP SERVICES PLC

## Strategic Report for the Year Ended 31 March 2019

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### 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 2019

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### Operational risks

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.
- Optimum Group Services does not trade outside the UK and as such has no direct exchange rate exposure. We do however use components some of which are imported into the UK by our dedicated and long-term supplier network. We are therefore mindful of exchange rate potential impact on component pricing. During this period the Brexit policy has had no impact on component availability, however we are mindful of this in the future.
- 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.
- Other key risks identified include legislation on building energy and carbon footprint impact. We have developed a reputation for excellent engineering solutions already providing clear improvements to our customers on environmental impact reduction. We believe that our leadership in this field will equip Optimum Group Services to benefit from any such legislation and UK initiatives.

### 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

In the medium and long term, we expect to continue building our business and strengthening our team. Investment in training, employee wellbeing, and retention are key priorities. IT and infrastructure investments are also planned and will be implemented over the next 12 to 24 months.

Market conditions will become clearer once the Brexit policy is concluded. We are planning and expecting to see steady trading in 2019/20 in line with our 2018/19 results, with increased market confidence and timetabled construction completions bringing notable growth opportunities in 2020/21 and onwards.


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 2019's performance.

# OPTIMUM GROUP SERVICES PLC

## Strategic Report for the Year Ended 31 March 2019

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Approved by the Board on 26.09.19 and signed on its behalf by:



J Moore  
Director

# OPTIMUM GROUP SERVICES PLC

## Directors' Report for the Year Ended 31 March 2019

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

### Directors of the company

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

M S Carroll (resigned 10 May 2018)

J F 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.

### 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.

Approved by the Board on 26.09.19 and signed on its behalf by:



J Moore  
Director

# OPTIMUM GROUP SERVICES PLC

## Statement of Directors' Responsibilities

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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 2019

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### Opinion

We have audited the financial statements of Optimum Group Services Plc (the 'company') for the year ended 31 March 2019, 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 2019 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 2019

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### 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 8), 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 2019


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- 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.



Martin Widdowson (Senior Statutory Auditor)  
For and on behalf of

Brebners, Statutory Auditor  
130 Shaftesbury Avenue  
London  
London  
W1D 5AR

Date: 27/9/2019

# OPTIMUM GROUP SERVICES PLC

## Statement of Income and Retained Earnings for the Year Ended 31 March 2019

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	Note	2019 £	2018 £
Turnover	3	67,283,019	61,820,682
Cost of sales		<u>(54,023,366)</u>	<u>(49,820,468)</u>
<b>Gross profit</b>		<b>13,259,653</b>	<b>12,000,214</b>
Administrative expenses		<u>(12,165,480)</u>	<u>(10,527,451)</u>
<b>Operating profit</b>	5	<b><u>1,094,173</u></b>	<b><u>1,472,763</u></b>
Other interest receivable and similar income	6	16,440	37,731
Interest payable and similar charges	7	<u>(159)</u>	<u>(96)</u>
		<u>16,281</u>	<u>37,635</u>
<b>Profit before tax</b>		<b>1,110,454</b>	<b>1,510,398</b>
Taxation	11	<u>(284,485)</u>	<u>(366,192)</u>
<b>Profit for the financial year</b>		<b>825,969</b>	<b>1,144,206</b>
Retained earnings brought forward		2,539,297	3,245,091
Dividends paid		<u>(100,000)</u>	<u>(1,850,000)</u>
<b>Retained earnings carried forward</b>		<b><u><u>3,265,266</u></u></b>	<b><u><u>2,539,297</u></u></b>

All the activities of the company are from continuing operations.

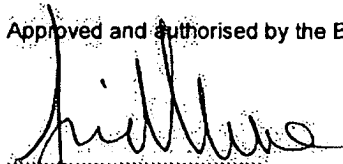
The notes on pages 15 to 28 form an integral part of these financial statements.

# OPTIMUM GROUP SERVICES PLC

## Statement of Financial Position as at 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	12	145,550	115,800
Tangible assets	13	<u>129,266</u>	<u>218,879</u>
		<u>274,816</u>	<u>334,679</u>
<b>Current assets</b>			
Stocks	14	625,997	599,377
Debtors	15	13,448,172	13,200,509
Cash at bank and in hand		<u>2,431,951</u>	<u>2,540,873</u>
		16,506,120	16,340,759
Creditors: Amounts falling due within one year	17	<u>(13,264,448)</u>	<u>(13,989,512)</u>
<b>Net current assets</b>		<u>3,241,672</u>	<u>2,351,247</u>
<b>Total assets less current liabilities</b>		<b>3,516,488</b>	<b>2,685,926</b>
<b>Provisions for liabilities</b>	18	<u>(123,575)</u>	<u>(28,982)</u>
<b>Net assets</b>		<u>3,392,913</u>	<u>2,656,944</u>
<b>Capital and reserves</b>			
Called up share capital	20	117,649	117,647
Share premium reserve	21	9,998	-
Profit and loss account	21	<u>3,265,266</u>	<u>2,539,297</u>
<b>Total equity</b>		<u>3,392,913</u>	<u>2,656,944</u>

Approved and authorised by the Board on 26.09.19 and signed on its behalf by:



J Moore  
Director

Company registration number: 02379290

The notes on pages 15 to 28 form an integral part of these financial statements.

# OPTIMUM GROUP SERVICES PLC

## Statement of Cash Flows for the Year Ended 31 March 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Profit for the year		825,969	1,144,206
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	89,613	116,263
Profit on disposal of tangible assets	4	-	(6,414)
Finance income	6	(16,440)	(37,731)
Finance costs	7	159	96
Income tax expense	11	284,485	366,192
		<u>1,183,786</u>	<u>1,582,612</u>
Working capital adjustments			
Increase in stocks	14	(26,620)	(31,332)
Increase in trade and other debtors	15	(247,663)	(5,136,472)
(Decrease)/increase in trade and other creditors	17	(486,645)	5,593,614
Increase in provisions	18	100,000	-
		<u>522,858</u>	<u>2,008,422</u>
<b>Cash generated from operations</b>		<b>522,858</b>	<b>2,008,422</b>
Income taxes paid	11	(528,311)	(249,999)
<b>Net cash flow from operating activities</b>		<b><u>(5,453)</u></b>	<b><u>1,758,423</u></b>
<b>Cash flows from investing activities</b>			
Interest received	6	16,440	37,731
Acquisitions of tangible assets		-	(147,393)
Proceeds from sale of tangible assets		-	25,250
Acquisition of intangible assets	12	(29,750)	(115,800)
		<u>(13,310)</u>	<u>(200,212)</u>
<b>Net cash flows from investing activities</b>		<b><u>(13,310)</u></b>	<b><u>(200,212)</u></b>
<b>Cash flows from financing activities</b>			
Interest paid	7	(159)	(96)
Proceeds from issue of ordinary shares, net of issue costs		10,000	17,647
Dividends paid	23	(100,000)	(1,850,000)
		<u>(90,159)</u>	<u>(1,832,449)</u>
<b>Net cash flows from financing activities</b>		<b><u>(90,159)</u></b>	<b><u>(1,832,449)</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b>(108,922)</b>	<b>(274,238)</b>
Cash and cash equivalents at 1 April 2018		<u>2,540,873</u>	<u>2,815,111</u>
<b>Cash and cash equivalents at 31 March 2019</b>		<b><u>2,431,951</u></b>	<b><u>2,540,873</u></b>

The notes on pages 15 to 28 form an integral part of these financial statements.

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

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### 1 GENERAL INFORMATION

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

The address of its registered office and principal trading address is:

Jebsen House  
53 - 61 High Street  
Ruislip  
HA4 7BD

The principal activity of the company is that of 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.

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

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### 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 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.

Turnover in respect of Projects is recognised based upon the stage of contractual completion certified by quantity surveyors, where appropriate, turnover derived from maintenance contracts is recognised evenly over the period of the contract.

### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge 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.

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

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### 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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Software development	5 years straight line

### 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

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.

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

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### 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.

### Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

### 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.

### 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.

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

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### 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 2019

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### 3 REVENUE

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

	2019 £	2018 £
Rendering of services	<u>67,283,019</u>	<u>61,820,682</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:

	2019 £	2018 £
Gain (loss) on disposal of property, plant and equipment	<u>-</u>	<u>6,414</u>

### 5 OPERATING PROFIT

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	89,613	116,263
Profit on disposal of property, plant and equipment	<u>-</u>	<u>(6,414)</u>

### 6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Interest income on bank deposits	6,328	1,509
Other finance income	<u>10,112</u>	<u>36,222</u>
	<u>16,440</u>	<u>37,731</u>

### 7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Interest on bank overdrafts and borrowings	<u>159</u>	<u>96</u>

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

### 8 STAFF COSTS

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

	2019 £	2018 £
Wages and salaries	23,635,918	22,092,951
Social security costs	2,464,992	2,333,627
Other short-term employee benefits	149,153	88,831
Pension costs, defined contribution scheme	494,137	501,610
Other employee expense	751,560	766,481
	<u>27,495,760</u>	<u>25,783,500</u>

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

	2019 No.	2018 No.
Production	427	381
Administration and support	52	58
	<u>479</u>	<u>439</u>

### 9 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	240,081	770,583
Company contributions to defined contribution pension plans	38,924	178,551
	<u>279,005</u>	<u>949,134</u>

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

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	111,880	284,667
Company contributions to defined contribution pension plans	17,174	120,721
	<u>129,054</u>	<u>405,388</u>

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

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### 10 AUDITORS' REMUNERATION

	2019 £	2018 £
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:

	2019 £	2018 £
Taxation compliance services	8,300	4,000
Other non audit services	14,000	5,000
	<u>22,300</u>	<u>9,000</u>

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

### 11 TAXATION

Tax charged/(credited) in the income statement

	2019 £	2018 £
<b>Current taxation</b>		
UK corporation tax	289,892	347,989
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(5,407)</u>	<u>18,203</u>
<b>Tax expense in the income statement</b>	<u><b>284,485</b></u>	<u><b>366,192</b></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>1,110,454</u>	<u>1,510,398</u>
Corporation tax at standard rate	210,986	286,976
Effect of expense not deductible in determining taxable profit (tax loss)	70,971	81,043
Deferred tax expense (credit)	(5,407)	18,203
Tax increase (decrease) from effect of capital allowances and depreciation	<u>7,935</u>	<u>(20,030)</u>
<b>Total tax charge</b>	<u><b>284,485</b></u>	<u><b>366,192</b></u>

#### Deferred tax

Deferred tax assets and liabilities

		Liability £
<b>2019</b>		
Origination and reversal of timing differences		<u>23,575</u>
<b>2018</b>		
Origination and reversal of timing differences		<u>28,982</u>

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

### 12 INTANGIBLE ASSETS

	Software development £	Total £
<b>Cost</b>		
At 1 April 2018	115,800	115,800
Additions	<u>29,750</u>	<u>29,750</u>
At 31 March 2019	<u>145,550</u>	<u>145,550</u>
<b>Carrying amount</b>		
At 31 March 2019	<u><u>145,550</u></u>	<u><u>145,550</u></u>
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 £
<b>Cost or valuation</b>			
At 1 April 2018	291,064	307,747	598,811
Disposals	<u>-</u>	<u>(68,252)</u>	<u>(68,252)</u>
At 31 March 2019	<u>291,064</u>	<u>239,495</u>	<u>530,559</u>
<b>Depreciation</b>			
At 1 April 2018	247,211	132,721	379,932
Charge for the year	27,883	61,730	89,613
Eliminated on disposal	<u>-</u>	<u>(68,252)</u>	<u>(68,252)</u>
At 31 March 2019	<u>275,094</u>	<u>126,199</u>	<u>401,293</u>
<b>Carrying amount</b>			
At 31 March 2019	<u><u>15,970</u></u>	<u><u>113,296</u></u>	<u><u>129,266</u></u>
At 31 March 2018	<u><u>43,853</u></u>	<u><u>175,026</u></u>	<u><u>218,879</u></u>

### 14 STOCKS

	2019 £	2018 £
Work in progress	<u><u>625,997</u></u>	<u><u>599,377</u></u>

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

### 15 DEBTORS

	2019 £	2018 £
Trade debtors	11,070,216	11,781,266
Other debtors	1,714,766	646,953
Prepayments	395,167	631,512
Accrued income	268,023	140,778
<b>Total current trade and other debtors</b>	<b><u>13,448,172</u></b>	<b><u>13,200,509</u></b>

### 16 CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank	<b><u>2,431,951</u></b>	<b><u>2,540,873</u></b>

### 17 CREDITORS

	2019 £	2018 £
<b>Due within one year</b>		
Trade creditors	6,070,230	4,889,746
Social security and other taxes	2,069,237	2,220,751
Other payables	97,084	72,726
Accrued expenses	4,938,004	6,477,977
Corporation tax liability	89,893	328,312
	<b><u>13,264,448</u></b>	<b><u>13,989,512</u></b>

### 18 DEFERRED TAX AND OTHER PROVISIONS

	Deferred tax £	Other provisions £	Total £
At 1 April 2018	28,982	-	28,982
Additional provisions	-	100,000	100,000
Provisions used	(5,407)	-	(5,407)
At 31 March 2019	<b><u>23,575</u></b>	<b><u>100,000</u></b>	<b><u>123,575</u></b>

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

### 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 £494,137 (2018 - £501,610).

### 20 SHARE CAPITAL

#### Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1.00 each	100,000	100,000	100,000	100,000
Ordinary A shares of £1.00 each	17,647	17,647	17,647	17,647
Ordinary B shares of £0.10 each	10	1	-	-
Ordinary C shares of £0.10 each	10	1	-	-
	<u>117,667</u>	<u>117,649</u>	<u>117,647</u>	<u>117,647</u>

### 21 RESERVES

#### Profit and loss account

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

### 22 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

#### Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	144,016	146,015
Later than one year and not later than five years	<u>81,501</u>	<u>184,472</u>
	<u>225,517</u>	<u>330,487</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £126,578 (2018 - £113,340).

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

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### 23 DIVIDENDS

#### Interim dividends paid

	2019 £	2018 £
Interim dividend of £1.00 (2018 - £18.50) per each Ordinary share of £1 each	<u>100,000</u>	<u>1,850,000</u>

### 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

	2019 £	2018 £
Salaries and other short term employee benefits	<u>520,046</u>	<u>1,162,071</u>

#### Transactions with directors

At 31 March 2019 an amount of £829,022 (2018: £359,855) was due from the directors. During the year advances of £827,755 and repayments of £368,700 were made. Interest of £10,112 (2018: £35,761) was charged at an annual rate of 2.5%. There are no set terms in place.

#### Summary of transactions with entities with significant interest

At 31 March 2019 an amount of £555,036 (2018: £132,997) was due from companies under common control. During the year, management fees amounting to £1,620,861 (2018: £Nil) and purchases of £270,256 (2018: £494,253) were made from the companies.

Dividends paid in the year, as shown in note 23 were paid to a director and his close family.

# OPTIMUM GROUP SERVICES PLC

## Notes to the Financial Statements for the Year Ended 31 March 2019

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### 25 FINANCIAL INSTRUMENTS

#### Categorisation of financial instruments

	2019	2018
	£	£
Financial assets that are debt instruments measured at amortised cost	15,484,956	15,109,870
Financial liabilities measured at amortised cost	<u>(11,038,671)</u>	<u>(9,305,821)</u>
	<u>4,446,285</u>	<u>5,804,049</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.