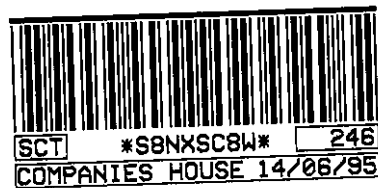


Capital Copiers (Edinburgh) Limited

Directors' report and accounts

31 December 1994

Registered number SC80982



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Capital Copiers (Edinburgh) Limited

Directors' report and accounts

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Capital Copiers (Edinburgh) Limited

Directors and advisers —

Directors

Thomas Flockhart
Valerie Flockhart
Alan M Smith
Joan Smith
Andrew R Aikman
Ian GL Bulloch

Bankers

The Royal Bank of Scotland plc
2 Ayres Wynd
Prestonpans
East Lothian
EH32 9AB

Solicitors

Shepherd & Wedderburn WS
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2ET

Auditors

KPMG
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Secretary and registered office

Alan M Smith
101 McDonald Road
Edinburgh
EH7 4NW

Capital Copiers (Edinburgh) Limited

Directors' report

The directors present their annual report and audited accounts for the year ended 31 December 1994.

Principal activities and business review

The principal activities of the company continue to be the sale, maintenance and repair of office equipment. The company has continued to trade successfully and the directors are confident that the company will continue to grow.

Proposed dividends and transfer to reserve

An interim ordinary dividend of £99,300 (60p per share) was paid during the year. The directors do not recommend the payment of a final dividend.

After deducting the interim dividend, the profit for the year retained in the company is £276,225.

Significant changes in tangible fixed assets

Information relating to changes in tangible fixed assets is given in note 9 to the accounts.

Directors and directors' interests

The directors at the year end and their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	31 December 1994	1 January 1994
Thomas Flockhart:		
- beneficial	105,580	105,580
- as trustee	10,000	10,000
Valerie Flockhart	20	20
Alan M Smith	45,580	45,580
Joan Smith	20	20
Andrew R Aikman	4,000	4,000
Ian G L Bulloch	1,500	1,500

Details of share options granted to directors are disclosed in note 15.

The above directors were in office throughout the year. In addition Hew EO Balfour served as a non-executive director until his resignation on 16 February 1994.

Capital Copiers (Edinburgh) Limited

Directors' report (*continued*)

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line ending in a small star-like flourish.

Alan M Smith
Secretary

15 May 1995

Capital Copiers (Edinburgh) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Report of the auditors to the members of Capital Copiers (Edinburgh) Limited

We have audited the accounts on pages 6 to 18.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

25 May 1995

Capital Copiers (Edinburgh) Limited

Profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover		9,165,256	8,141,405
Cost of sales		(4,198,842)	(3,712,036)
Gross profit		4,966,414	4,429,369
Distribution costs		(398,430)	(354,061)
Administrative expenses: ordinary trading		(3,998,206)	(3,734,330)
exceptional item	1	-	(54,800)
		(3,998,206)	(3,789,130)
Operating profit		569,778	286,178
Interest receivable	2	4,939	8,472
Interest payable	3	(22,769)	(18,538)
Profit on ordinary activities before taxation	4	551,948	276,112
Tax on profit on ordinary activities	7	(176,423)	(74,526)
Profit for the financial year		375,525	201,586
Dividends	8	(99,300)	(104,265)
Retained profit for the financial year		276,225	97,321

A statement of movements on reserves is given in note 16.

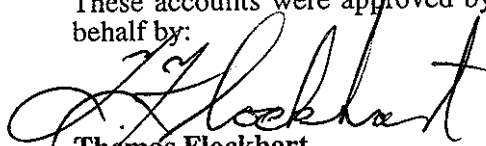
Other than the profit for the year and the preceding year there have been no recognised gains or losses.

Capital Copiers (Edinburgh) Limited

Balance sheet
at 31 December 1994

	Note	1994 £	1993 £
Fixed assets			
Tangible assets	9	1,041,778	671,515
Investments	10	44,000	44,000
		<u>1,085,778</u>	<u>715,515</u>
Current assets			
Stocks	11	1,079,705	776,869
Debtors	12	1,141,881	986,290
		<u>2,221,586</u>	<u>1,763,159</u>
Creditors: amounts falling due within one year	13	(1,747,491)	(1,346,408)
		<u>474,095</u>	<u>416,751</u>
Net current assets			
		<u>1,559,873</u>	<u>1,132,266</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	13	(177,165)	(33,664)
Provisions for liabilities and charges	14	(7,881)	-
		<u>1,374,827</u>	<u>1,098,602</u>
Net assets			
Capital and reserves			
Called up share capital	15	165,500	165,500
Share premium account		57,200	57,200
Capital redemption reserve		28,800	28,800
Profit and loss account	16	1,123,327	847,102
		<u>1,374,827</u>	<u>1,098,602</u>
Shareholders' funds			
		<u>1,374,827</u>	<u>1,098,602</u>

These accounts were approved by the board of directors on 15 May 1995 and were signed on its behalf by:


Thomas Flockhart
Director


Alan M Smith
Director

Capital Copiers (Edinburgh) Limited

Cash flow statement for the year ended 31 December 1994

	Note	1994		1993	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	20 (a)		106,695		(212,111)
Return on investments and servicing of finance					
Interest received		4,939		8,472	
Interest paid		(4,407)		(3,220)	
Interest element of hire purchase payments		(18,362)		(15,318)	
Dividends paid		(99,300)		(104,265)	
		<u> </u>		<u> </u>	
Net cash outflow from returns on investments and servicing of finance			(117,130)		(114,331)
Taxation					
Corporation tax (paid)/received		(84,233)		175,242	
		<u> </u>		<u> </u>	
Tax (paid)/received			(84,233)		175,242
Investing activities					
Purchase of tangible fixed assets		(380,355)		(44,701)	
Sale of tangible fixed assets		204,005		28,472	
		<u> </u>		<u> </u>	
Net cash outflow from investing activities			(176,350)		(16,229)
Net cash outflow before financing			(271,018)		(167,429)
Financing					
Issue of ordinary share capital		-		5,000	
Capital element of hire purchase payments		(112,742)		(77,142)	
		<u> </u>		<u> </u>	
Net cash outflow from financing	20 (c)		(112,742)		(72,142)
Decrease in cash and cash equivalents	20 (b)		(383,760)		(239,571)
			<u> </u>		<u> </u>

Capital Copiers (Edinburgh) Limited

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write-off the cost less estimated residual value of fixed assets over their estimated useful lives. The rates used are as follows:

Freehold buildings	4% per annum (straight line)
Leasehold improvements	5% per annum (straight line)
Fixtures and fittings	15% per annum (reducing balance)
Office equipment	15% per annum (reducing balance)
Motor vehicles	25% per annum (reducing balance)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Hire purchase agreements

Assets which are acquired on hire purchase are recorded on the balance sheet as tangible fixed assets. Future instalments under such agreements, net of hire purchase charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Leases

Rental charges on operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Capital Copiers (Edinburgh) Limited

Accounting policies (*continued*)

Maintenance agreements

Annual maintenance is paid for in advance and the income is credited to the profit and loss account on an accruals basis over the life of the agreement.

Turnover

Turnover comprises the value (excluding VAT and trade discounts) of goods and services supplied in the normal course of business.

Pension costs

The company operates a number of defined contribution pension schemes. The assets of these schemes are held separately from those of the company in independently administered funds.

Capital Copiers (Edinburgh) Limited

Notes

1	Exceptional items	1994 £	1993 £
	Administrative expenses: Write down of property	-	54,800
2	Interest receivable	1994 £	1993 £
	Bank interest	4,939	8,472
3	Interest payable	1994 £	1993 £
	On bank loans, overdrafts and other loans wholly repayable within five years	4,407	3,220
	On hire purchase agreements	18,362	15,318
		22,769	18,538
4	Profit on ordinary activities before taxation	1994 £	1993 £
	<i>Profit on ordinary activities before taxation is stated after charging/(crediting);</i>		
	Depreciation	148,596	113,375
	Hire of plant and machinery under operating leases	253,959	284,918
	Auditors' remuneration - audit	9,250	9,000
	- other	1,500	3,500
	Gain on disposal of fixed assets	(4,112)	(147)

Capital Copiers (Edinburgh) Limited

Notes (continued)

5 Staff numbers and costs

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

	1994 Number	1993 Number
Administration	35	35
Maintenance	67	65
Sales and distribution	39	29
Total	141	129

The aggregate payroll costs of these persons were as follows:

	1994 £	1993 £
Wages and salaries	2,443,816	2,200,365
Social security costs	257,099	231,459
Defined contribution pension scheme costs	144,841	146,165
	2,845,756	2,577,989

6 Remuneration of directors

	1994 £	1993 £
Fees	-	6,798
Emoluments as executives (including pension contributions)	481,383	460,500
	481,383	467,298

The emoluments, excluding pension contributions, of the chairman and highest paid director were £173,106 (1993: £162,367)

Capital Copiers (Edinburgh) Limited

Notes (continued)

6 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of the directors were within the following ranges:

	1994 Number	1993 Number
£ 5,001 - £ 10,000	-	1
£ 10,001 - £ 15,000	1	1
£ 20,001 - £ 25,000	-	1
£ 25,001 - £ 30,000	1	-
£ 40,001 - £ 45,000	-	1
£ 45,001 - £ 50,000	1	-
£ 75,001 - £ 80,000	-	1
£ 80,001 - £ 85,000	1	-
£ 85,001 - £ 90,000	1	1
£160,001 - £165,000	-	1
£170,001 - £175,000	1	-

The above figures for emoluments do not include any amount for the value of share options granted to or held by directors. Details of the options are given in note 15.

7 Tax on profit on ordinary activities

	1994 £	1993 £
Corporation tax at 29% (1993 - 28%)	150,800	95,638
Adjustment for prior years	17,742	(21,112)
Deferred taxation	7,881	-
	176,423	74,526

8 Dividends

	1994 £	1993 £
Ordinary shares:		
Interim dividend paid	99,300	104,265

Capital Copiers (Edinburgh) Limited

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings £	Leasehold Improvements £	Equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>					
At beginning of year	343,367	141,492	272,384	483,709	1,240,952
Additions	141,766	173,008	50,668	353,310	718,752
Disposals	(155,200)	-	-	(264,598)	(419,798)
At end of year	329,933	314,500	323,052	572,421	1,539,906
<i>Depreciation</i>					
At beginning of year	59,119	111,959	129,665	268,694	569,437
Charge for year	7,505	8,727	29,008	103,356	148,596
Disposals	(25,200)	-	-	(194,705)	(219,905)
At end of year	41,424	120,686	158,673	177,345	498,128
<i>Net book value</i>					
At 31 December 1994	288,509	193,814	164,379	395,076	1,041,778
At 31 December 1993	284,248	29,533	142,719	215,015	671,515

10 Investments

	Unlisted Investments £
<i>Cost</i>	
At beginning and end of year	44,000

11 Stocks

	1994 £	1993 £
Office equipment	872,626	595,729
Spare parts for office equipment	95,444	70,169
Supplies for office equipment	111,635	110,971
	1,079,705	776,869

Capital Copiers (Edinburgh) Limited

Notes (continued)

12 Debtors

	1994 £	1993 £
Amounts falling due within one year:		
Trade debtors	996,739	849,693
ACT recoverable	24,825	29,147
Prepayments and accrued income	120,317	107,450
	<u>1,141,881</u>	<u>986,290</u>

13 Creditors

	1994 £	1993 £
Amounts falling due within one year:		
Bank overdraft (secured)	468,368	84,608
Trade creditors	382,057	354,268
Corporation tax	175,625	95,638
Other taxes and social security	223,374	238,438
Hire purchase creditors	132,403	50,249
Accruals and deferred income	365,664	523,207
	<u>1,747,491</u>	<u>1,346,408</u>

Amounts falling due after more than one year:

Hire purchase creditors	<u>177,165</u>	<u>33,664</u>
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14 Provisions for liabilities and charges

<i>Deferred taxation</i>	£
At beginning of year	-
Charged to profit and loss account	7,881
	<u>7,881</u>
At end of year	<u>7,881</u>

The amounts provided for deferred taxation which represent the full potential liability are set out below:

	1994 £	1993 £
Accelerated capital allowances	<u>7,881</u>	<u>-</u>

Capital Copiers (Edinburgh) Limited

Notes (continued)

15 Called up share capital

	1994 £	1993 £
<i>Authorised</i>		
Ordinary shares of £1 each	500,000	500,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	165,500	165,500

Under the share option scheme, the following options have been granted to directors:

	No of shares	Option price	Normal exercise dates
AR Aikman	2,000	£5	Feb 1993 to Feb 2000
IGL Bulloch	800	£5	Feb 1993 to Feb 2000

16 Profit and loss account

	£
At beginning of year	847,102
Retained profit for the year	276,225
At end of year	1,123,327

17 Reconciliation of movement in shareholders' funds

	1994 £	1993 £
Profit for the financial year	375,525	201,586
Dividends	(99,300)	(104,265)
New share capital subscribed	-	5,000
Net additions to shareholders' funds	276,225	102,321
Opening shareholders' funds	1,098,602	996,281
Closing shareholders' funds	1,374,827	1,098,602

Capital Copiers (Edinburgh) Limited

Notes (continued)

18 Lease commitments

The company is committed to paying lease rentals on certain office equipment and vehicles under operating leases. In addition the company leases certain land and buildings on long-term leases. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The company pays all insurance, maintenance and repair of these properties.

The minimum annual rentals under the foregoing leases are as follows:

	Property £	Plant and machinery and vehicles £
Leases which expire		
- within one year	-	6,781
- between 2-5 years	-	233,200
- after 5 years	237,754	-
	237,754	239,981

19 Transactions with directors

The company leases a property from two of the directors at an annual rental of £173,000 on an arm's length basis.

20 Notes to cash flow statement

a) Reconciliation of operating profit to cash inflow/(outflow) from operating activities

	1994 £	1993 £
Operating profit	569,778	286,178
Amount written off property	-	54,800
Depreciation charges	148,596	113,375
Gain on disposal of fixed assets	(4,112)	(147)
(Increase)/decrease in stocks	(302,836)	26,829
Increase in debtors	(159,913)	(182,036)
Decrease in creditors	(144,818)	(511,110)
Cash inflow/(outflow) from operating activities	106,695	(212,111)

Capital Copiers (Edinburgh) Limited

Notes (continued)

20 Notes to cash flow statement (continued)

b) Analysis of changes in cash and cash equivalents during the year

	Bank overdraft	
	1994 £	1993 £
At beginning of year	(84,608)	154,963
Net cash outflow	(383,760)	(239,571)
At end of year	(468,368)	(84,608)

c) Analysis of changes in financing

	Hire purchase finance	
	1994 £	1993 £
At beginning of year	83,913	99,505
Inception of hire purchase contracts	338,397	61,550
Net cash inflow/(outflow)	(112,742)	(77,142)
At end of year	309,568	83,913