

Capital Copiers (Edinburgh) Limited
Directors' report and accounts

31 December 1995

Registered number SC80982



N29059



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 1995.

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

The directors do not recommend the payment of a dividend and propose that the loss for the year of £86,771 be transferred to reserves.

Share capital

During the year 7,373 ordinary shares were issued for £36,865 under the terms of the company's share option scheme.

Significant changes in tangible fixed assets

Information relating to changes in tangible fixed assets is given in note 8 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 1995	1 January 1995
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	5,579	4,000
Ian G L Bulloch	2,188	1,500

Details of share options exercised by directors are disclosed in note 14.

The above directors were in office throughout the year.

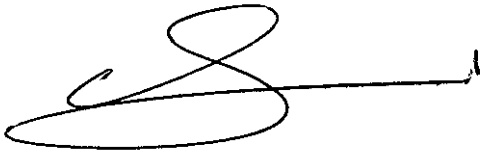
Capital Copiers (Edinburgh) Limited

Directors' report (*continued*)

Auditors

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, appearing to be 'Alan M Smith', with a long horizontal stroke extending to the right.

Alan M Smith
Secretary

17 May 1996

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 16.

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 judgements 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 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
*Chartered Accountants
Registered Auditors*

17 May 1996

Capital Copiers (Edinburgh) Limited

Profit and loss account for the year ended 31 December 1995

	Note	1995 £	1994 £
Turnover		8,849,699	9,165,256
Cost of sales		(4,145,534)	(4,198,842)
Gross profit		4,704,165	4,966,414
Distribution costs		(447,534)	(398,430)
Administrative expenses		(4,308,196)	(3,998,206)
Operating (loss)/profit		(51,565)	569,778
Bank interest receivable		782	4,939
Interest payable	2	(57,695)	(22,769)
(Loss)/profit on ordinary activities before taxation	3	(108,478)	551,948
Tax on (loss)/profit on ordinary activities	6	21,707	(176,423)
(Loss)/profit for the financial year		(86,771)	375,525
Dividends	7	-	(99,300)
Retained (loss)/profit for the financial year	15	(86,771)	276,225

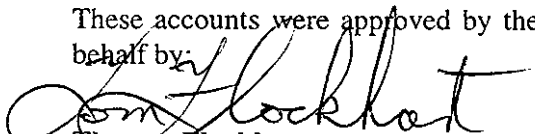
Other than the loss for the year and the profit for the preceding year there have been no recognised gains or losses.

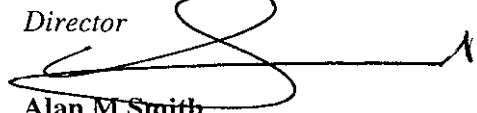
Capital Copiers (Edinburgh) Limited

Balance sheet at 31 December 1995

	Note	1995 £	1994 £
Fixed assets			
Tangible assets	8	740,996	1,041,778
Investments	9	44,000	44,000
		784,996	1,085,778
Current assets			
Stocks	10	1,084,103	1,079,705
Debtors	11	1,141,134	1,141,881
		2,225,237	2,221,586
Creditors: amounts falling due within one year	12	(1,609,580)	(1,747,491)
Net current assets		615,657	474,095
Total assets less current liabilities		1,400,653	1,559,873
Creditors: amounts falling due after more than one year	12	(71,382)	(177,165)
Provisions for liabilities and charges	13	(4,350)	(7,881)
Net assets		1,324,921	1,374,827
Capital and reserves			
Called up share capital	14	172,873	165,500
Share premium account	15	86,692	57,200
Capital redemption reserve		28,800	28,800
Profit and loss account	15	1,036,556	1,123,327
Shareholders' funds		1,324,921	1,374,827

These accounts were approved by the board of directors on 17 May 1996 and were signed on its behalf by:


Thomas Flockhart
Director


Alan M Smith
Director

KPMG

Capital Copiers (Edinburgh) Limited

Cash flow statement

for the year ended 31 December 1995

	Note	1995		1994	
		£	£	£	£
Net cash inflow from operating activities	19 (a)	241,781		106,695	
Return on investments and servicing of finance					
Interest received		782		4,939	
Interest paid		(36,397)		(4,407)	
Interest element of hire purchase payments		(21,298)		(18,362)	
Dividends paid		-		(99,300)	
Net cash outflow from returns on investments and servicing of finance		(56,913)		(117,130)	
Taxation					
Corporation tax paid		(144,096)		(84,233)	
Tax paid		(144,096)		(84,233)	
Investing activities					
Purchase of tangible fixed assets		(130,176)		(380,355)	
Sale of tangible fixed assets		314,150		204,005	
Net cash inflow/(outflow) from investing activities		183,974		(176,350)	
Net cash inflow/(outflow) before financing		224,746		(271,018)	
Financing					
Issue of ordinary share capital		36,865		-	
Capital element of hire purchase payments		(157,935)		(112,742)	
Net cash outflow from financing	19 (c)	(121,070)		(112,742)	
Increase/(decrease) in cash and cash equivalents	19 (b)	103,676		(383,760)	

Capital Copiers (Edinburgh) Limited

Notes to the accounts

1 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:

Leasehold improvements	4% - 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.

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.

Capital Copiers (Edinburgh) Limited

Notes (continued)

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.

2	Interest payable	1995	1994
		£	£
	On bank loans, overdrafts and other loans wholly repayable within five years	36,397	4,407
	On hire purchase agreements	21,298	18,362
		57,695	22,769

3	(Loss)/profit on ordinary activities before taxation	1995	1994
		£	£

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting);

Depreciation	163,505	148,596
Hire of plant and machinery under operating leases	280,132	253,959
Property rentals under operating leases	256,083	235,750
Auditors' remuneration - audit	9,573	9,250
- other	1,500	1,500
Gain on disposal of fixed assets	(3,290)	(4,112)

4 Staff numbers and costs

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

	1995	1994
	Number	Number
Administration	43	35
Maintenance	72	67
Sales and distribution	43	39
Total	158	141

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£	£
Wages and salaries	2,744,232	2,443,816
Social security costs	287,436	257,099
Defined contribution pension scheme costs	150,792	144,841
	3,182,460	2,845,756

Capital Copiers (Edinburgh) Limited

Notes (continued)

5 Remuneration of directors

	1995 £	1994 £
Emoluments as executives	447,785	426,621
Pension contributions	54,960	54,762
	<u>502,745</u>	<u>481,383</u>

The emoluments, excluding pension contributions, of the chairman and highest paid director were £179,442 (1994: £173,106)

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

	1995 Number	1994 Number
£ 10,001 - £ 15,000	1	1
£ 25,001 - £ 30,000	1	1
£ 45,001 - £ 50,000	-	1
£ 50,001 - £ 55,000	1	-
£ 80,001 - £ 85,000	-	1
£ 85,001 - £ 90,000	1	1
£ 90,001 - £ 95,000	1	-
£170,001 - £175,000	-	1
£175,001 - £180,000	1	-
	<u>1</u>	<u>1</u>

The above figures for emoluments do not include any amount for the value of share options exercised by directors. Details of the options are given in note 14.

6 Tax on (loss)/profit on ordinary activities

	1995 £	1994 £
Corporation tax at 29% (1994 - 29%)	(11,472)	150,800
Adjustment for prior years	(6,704)	17,742
Deferred taxation	(3,531)	7,881
	<u>(21,707)</u>	<u>176,423</u>

Capital Copiers (Edinburgh) Limited

Notes (continued)

7	Dividends	1995	1994
		£	£
	Ordinary shares:		
	Interim dividend paid	-	99,300

8 Tangible fixed assets

	Freehold land and buildings £	Leasehold Improvements £	Equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>					
At beginning of year	329,933	314,500	323,052	572,421	1,539,906
Additions	241	58,013	71,922	43,405	173,581
Disposals	(330,174)	-	-	(79,328)	(409,502)
At end of year	-	372,513	394,974	536,498	1,303,985
<i>Depreciation</i>					
At beginning of year	41,424	120,686	158,673	177,345	498,128
Charge for year	7,505	11,027	35,444	109,527	163,503
Disposals	(48,929)	-	-	(49,713)	(98,642)
At end of year	-	131,713	194,117	237,159	562,989
<i>Net book value</i>					
At 31 December 1995	-	240,800	200,857	299,339	740,996
At 31 December 1994	288,509	193,814	164,379	395,076	1,041,778

Included above are assets held under hire purchase contracts. At 31 December 1995 the net book value of these assets was £278,897 (1994: £361,258). Depreciation of £101,164 was charged in the year.

9 Investments

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

Capital Copiers (Edinburgh) Limited

Notes (continued)

10	Stocks	1995	1994
		£	£
	Office equipment	833,642	872,626
	Spare parts for office equipment	102,736	95,444
	Supplies for office equipment	147,725	111,635
		1,084,103	1,079,705
11	Debtors	1995	1994
		£	£
	Amounts falling due within one year:		
	Trade debtors	1,010,905	996,739
	Corporation tax recoverable	11,472	24,825
	Prepayments and accrued income	118,757	120,317
		1,141,134	1,141,881
12	Creditors	1995	1994
		£	£
	Amounts falling due within one year:		
	Bank overdraft (secured)	364,692	468,368
	Trade creditors	514,704	382,057
	Corporation tax	-	175,625
	Other taxes and social security	289,420	223,374
	Hire purchase creditors	123,656	132,403
	Accruals and deferred income	317,108	365,664
		1,609,580	1,747,491
	Amounts falling due after more than one year:		
	Hire purchase creditors	71,382	177,165

Capital Copiers (Edinburgh) Limited

Notes (continued)

13 Provisions for liabilities and charges

<i>Deferred taxation</i>	£
At beginning of year	7,881
Released to profit and loss account	(3,531)
At end of year	4,350

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

	1995 £	1994 £
Accelerated capital allowances	4,350	7,881

14 Called up share capital

	1995 £	1994 £
<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	172,873	165,500

7,373 ordinary shares of £1 each were allotted during the year under the terms of the company's share option scheme. The aggregate consideration received was £36,865.

During the year, share options were exercised by the following directors:

	No of shares	Option price
AR Aikman	1,579	£5
IGL Bulloch	688	£5

15 Reserves

	Share premium account £	Profit and loss account £
At beginning of year	57,200	1,123,327
Premium on shares issued	29,492	-
Loss for the financial year	-	(86,771)
At end of year	86,692	1,036,556

Capital Copiers (Edinburgh) Limited

Notes (continued)

16 Reconciliation of movement in shareholders' funds

	1995 £	1994 £
(Loss)/profit for the financial year	(86,771)	375,525
Dividends	-	(99,300)
New share capital subscribed	36,865	-
Net (reduction in)/addition to shareholders' funds	(49,906)	276,225
Opening shareholders' funds	1,374,827	1,098,602
Closing shareholders' funds	1,324,921	1,374,827

17 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	-	75,667
- between 2-5 years	-	159,827
- after 5 years	292,170	-
	292,170	235,494

18 Transactions with directors

The company leases a property from two of the directors at an annual rental of £187,000 on an arm's length basis.

During the year two further properties were sold to one of the directors at open market value. The company leases these properties from the director at an annual rental of £38,000 on an arm's length basis.

Capital Copiers (Edinburgh) Limited

Notes (continued)

19 Notes to cash flow statement

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

	1995 £	1994 £
Operating (loss)/profit	(51,565)	569,778
Depreciation charges	163,503	148,596
Gain on disposal of fixed assets	(3,290)	(4,112)
Increase in stocks	(4,398)	(302,836)
Increase in debtors	(12,606)	(159,913)
Increase/(decrease) in creditors	150,137	(144,818)
Cash inflow from operating activities	241,781	106,695

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

	Bank overdraft 1995 £	1994 £
At beginning of year	(468,368)	(84,608)
Net cash inflow/(outflow)	103,676	(383,760)
At end of year	(364,692)	(468,368)

c) Analysis of changes in financing

	Share capital including share premium account £	Hire purchase finance £
At beginning of year	222,700	309,568
Inception of hire purchase contracts	-	43,405
Net cash inflow/(outflow)	36,865	(157,935)
At end of year	259,565	195,038