

Company Registration No. SC080982 (Scotland)

**CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS
CAPITAL COPIERS (EDINBURGH) LIMITED)**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

TUESDAY



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CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

COMPANY INFORMATION

Directors

Tom Flockhart
Andrew R Aikman
Gordon Affleck
Richard Smith
W Shields Henderson

Secretary

Gordon Affleck

Company number

SC080982

Registered office

101 McDonald Road
Edinburgh
EH7 4NW

Auditors

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

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CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities and review of the business

The principal activity of the company continues to be the sale, support and maintenance of digital Multi-Functional Devices (MFDs), printers and Document Management solutions.

The company has achieved an excellent result for the year to 31 December 2012, reflecting strong retention of existing clients and returns on the investment made in new business sectors over the last few years. These new areas include managed print services (MPS), Professional services (PS), both within the corporate sector and the Scottish National Procurement Framework agreement where the company is one of the approved suppliers for Public Sector contracts in Scotland. The overall result was an increase in Turnover of 14% to £16.9m for the year.

The company continues to invest in its staff and products, with extensive training of existing employees and the recruitment and training of an additional 11 members of staff during the year. This, combined with our belief in "old fashioned" service values, has continued to benefit the company in terms of key client retention and a consistent growth in service revenues.

The operating profit for the year to 2012 at £1.5m, up from £1.2m in 2011, was in line with the forecast made at the start of the year by the Directors.

On the 1st February 2013 the company acquired Highland Office Equipment, a long established and respected Inverness based business and one that complements Capital's existing operations in Edinburgh, Glasgow, Dundee, Aberdeen and Shetland. This acquisition further enables the group to provide comprehensive sales and service cover across the whole of Scotland, and ensures Capital progresses towards achievement of its target of £30m turnover for the group by the end of 2015.

The principal risks and uncertainties affecting the business include the following:

- Product, consumables and parts availability and prices: the company monitors these on a regular basis and negotiates purchase contracts where appropriate with key suppliers.
- Environmental risks: the company places considerable emphasis on environmental compliance in its business and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that best practice is incorporated into its key Environmental Management Systems (EMS). All of the company's established branches are ISO14001:2004 accredited and our focus remains on continued improvement in this area. We will have our new Inverness branch also fully accredited by the end of 2013.
- Debtors: the company maintains strong relationships with each of its key customers and operates well established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed.
- Disruption / disaster: business continuity planning is reviewed regularly, and a comprehensive Disaster Recovery Plan was updated during the year. The necessary infrastructure is to be deployed and tested in the near future. The directors will ensure this plan is reviewed and updated on an ongoing basis.
- The effect of legislation or other regulatory activities: the company monitors forthcoming and current legislation regularly.

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Key areas of strategic development and performance of the business include:

- Sales and Marketing: new and replacement business is continually being targetted and won with ever-growing markets such as electronic document management and managed print services being developed in line with the company's strategy. Key customer relationships are managed on a regular basis and investment in marketing activity is prioritised within overall expenditure programmes.
- Capital Investment: the company continues to invest heavily in improving its facilities in order to present its people, premises and products in the best possible light, whilst offering world class working conditions for its employees. The company continues to invest in IT and communications infrastructure as demonstrated by the investment in the new Enterprise Resource Planning system (ERP) which will go live within the next 12 months, to ensure its people have the latest technology to deliver the very highest levels of customer service.
- Health and Safety: the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.
- Public sector contracts: the company was successful in being awarded approved supplier status on the Scottish National Procurement Framework Agreement for its products and services. It has invested in personnel and infrastructure to maximise this business opportunity and has been successful in winning many Public Sector contracts in Scotland.
- Key financial performance indicators include the monitoring of profitability, return on capital, current ratio, stock turnover and the management of working capital.

Results and dividends

The results for the year are set out on page 6.

The profit on ordinary activities after taxation for the year is £1,209,926 (2011: £869,331). The directors have paid a dividend of £0.75 per share (2011: £1.75).

Directors

The following directors have held office since 1 January 2012:

Tom Flockhart
Andrew R Aikman
Gordon Affleck
Richard Smith
W Shields Henderson

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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:

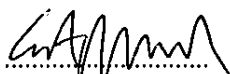
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Gordon Affleck

Secretary

26/2/2013

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

We have audited the financial statements of Capital Document Solutions Limited (formerly known as Capital Copiers (Edinburgh) Limited) for the year ended 31 December 2012 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, included in the Directors' Report set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS
CAPITAL COPIERS (EDINBURGH) LIMITED)**

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY
KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)**

Matters on which we are required to report by exception

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.

Johnston Carmichael LLP

David Holmes (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

27 February 2013

7-11 Melville Street
Edinburgh
EH3 7PE

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	£	as restated £
Turnover	2	16,934,244	14,885,767
Cost of sales		(7,630,875)	(6,347,617)
Gross profit		9,303,369	8,538,150
Distribution costs		(710,873)	(651,379)
Administrative expenses		(7,133,370)	(6,694,297)
Operating profit	3	1,459,126	1,192,474
Profit on sale of tangible fixed assets		354	15,487
Profit on ordinary activities before interest		1,459,480	1,207,961
Other interest receivable and similar income	4	6,401	3,096
Interest payable and similar charges	5	(13,153)	(21,600)
Profit on ordinary activities before taxation		1,452,728	1,189,457
Tax on profit on ordinary activities	6	(242,802)	(320,126)
Profit for the year	17	1,209,926	869,331

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

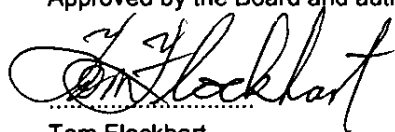
CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Intangible assets	8	80,873		130,873	
Tangible assets	9	2,946,884		2,914,840	
		3,027,757		3,045,713	
Current assets					
Stocks	10	1,001,545		903,839	
Debtors	11	2,379,027		2,536,237	
Cash at bank and in hand		2,367,064		1,414,372	
		5,747,636		4,854,448	
Creditors: amounts falling due within one year	12	(3,573,172)		(3,846,037)	
Net current assets		2,174,464		1,008,411	
Total assets less current liabilities		5,202,221		4,054,124	
Creditors: amounts falling due after more than one year	13	(467,500)		(586,542)	
Provisions for liabilities	14	(131,011)		(84,662)	
		4,603,710		3,382,920	
Capital and reserves					
Called up share capital	16	168,719		168,719	
Share premium account	17	88,292		88,292	
Other reserves	17	(86,145)		(165,393)	
Profit and loss account	17	4,432,844		3,291,302	
Shareholders' funds	18	4,603,710		3,382,920	

Approved by the Board and authorised for issue on 26th February 2013



Tom Flockhart
Director



Gordon Affleck
Director

Company Registration No. SC080982

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		1,568,126		1,123,656
Returns on investments and servicing of finance				
Interest received	6,401		3,096	
Interest paid	(13,153)		(21,600)	
Net cash outflow for returns on investments and servicing of finance		(6,752)		(18,504)
Taxation		(183,501)		(116,078)
Capital expenditure				
Payments to acquire tangible assets	(280,485)		(333,453)	
Receipts from sales of tangible assets	354		193,825	
Net cash inflow for capital expenditure		(280,131)		(139,628)
Equity dividends paid		(110,485)		(209,120)
Net cash inflow before management of liquid resources and financing		987,257		640,326
Sale and purchase of own shares	121,349		89,275	
Other new long term loans	-		25,178	
Repayment of long term bank loan	(155,914)		(193,078)	
Capital element of hire purchase contracts	-		(31,539)	
Decrease in debt		(34,565)		(110,164)
Increase in cash in the year		952,692		530,162

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

1	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	1,459,126	1,207,961
	Depreciation of tangible assets	235,037	205,953
	Amortisation of intangible assets	50,000	50,000
	Increase in stocks	(84,302)	(28,645)
	Decrease/(increase) in debtors	157,210	(849,199)
	(Decrease)/Increase in creditors within one year	(248,945)	566,422
	(Gain)/Loss on disposal of fixed assets	-	(28,836)
	Net cash inflow from operating activities	1,568,126	1,123,656

2	Analysis of net funds	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,414,372	952,692	-	2,367,064
	Bank deposits	-	-	-	-
	Debt:				
	Debts falling due within one year	(155,913)	155,914	(119,042)	(119,041)
	Debts falling due after one year	(586,542)	-	119,042	(467,500)
		(742,455)	155,914	-	(586,541)
	Net funds	671,917	1,108,606	-	1,780,523

3	Reconciliation of net cash flow to movement in net funds	2012	2011
		£	£
	Increase in cash in the year	952,692	530,162
	Cash outflow from decrease in debt	155,914	199,440
	Movement in net funds in the year	1,108,606	729,602
	Opening net funds/(debt)	671,917	(57,685)
	Closing net funds	1,780,523	671,917

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Change in presentation

An amount of £434,818 has been reclassified from cost of sales to Turnover during the year. The directors believe this change in presentation more accurately reflects the substance of the related transactions. The prior year profit and loss has been restated accordingly. The prior year reclassification amounts to £356,943.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.4 Turnover

Turnover is generated from both sales and service activities. Sales revenue derives from the sale of new and second hand machines to customers, including equipment which is financed by third party lessors. Where equipment is financed, customers may contract directly with the lessor or alternatively customers may contract with the company and give permission for the rentals to be assigned with all the risks and rewards transferring to the lessor. The company also provides machines to customers through rental agreements and recognises the resulting income on a straight line basis over the terms of the agreement. Service revenue is principally generated from metered copy/print contracts with customers. All revenues are stated after deducting returns, allowances and VAT.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 Tangible fixed assets and depreciation

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 each asset over its expected useful life, as follows:

Land and buildings freehold	2% per annum (straight line)
Leasehold improvements	4% - 5% per annum (straight line)
Fixtures, fittings & equipment	20% - 33.33% per annum (straight line)
Motor vehicles	25% per annum (reducing balance)

1.7 Leasing and hire purchase commitments

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 within 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.

1.8 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. No value is placed on stocks of copier supplies in the field.

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (continued)

1.9 Pensions

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

1.10 Deferred taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision without discounting for deferred taxation is made for all timing differences as they arise, except as otherwise required by FRS 19.

1.11 Own shares held by employee benefit trust

Transactions of the Company-sponsored employee benefit trust are treated as being those of the Company and are therefore reflected in the Company's financial statements. In particular, the trust's purchases and sales of shares in the Company are debited and credited directly to equity.

1.12 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.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2012 £	2011 £
Operating profit is stated after charging:		
Amortisation of intangible assets	50,000	50,000
Depreciation of tangible assets	235,037	205,953
Operating lease rentals		
- Plant and machinery	341,857	231,717
- Other assets	248,400	248,400
Auditors' remuneration	14,750	14,550
Audit		
Other	15,075	14,220
and after crediting:		
Rentals receivable	147,226	161,363

**CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS
CAPITAL COPIERS (EDINBURGH) LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

4	Investment income	2012	2011
		£	£
	Bank interest	6,217	3,096
	Other interest	184	-
		<u>6,401</u>	<u>3,096</u>
5	Interest payable	2012	2011
		£	£
	On bank loans and overdrafts	11,372	13,106
	Hire purchase interest	1,781	8,494
		<u>13,153</u>	<u>21,600</u>

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6	Taxation	2012 £	2011 £
	Domestic current year tax		
	U.K. corporation tax	288,354	281,306
	Adjustment for prior years	(91,901)	(6,045)
	Total current tax	<u>196,453</u>	<u>275,261</u>
	Deferred tax		
	Deferred tax charge current year	22,521	44,865
	Deferred tax adjustment previous year	23,828	-
		<u>46,349</u>	<u>44,865</u>
		<u>242,802</u>	<u>320,126</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,452,728</u>	<u>1,189,457</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.49%)	<u>355,879</u>	<u>315,087</u>
	Effects of:		
	Non deductible expenses	9,767	-
	Depreciation add back	29,764	32,980
	Capital allowances	(40,398)	(51,649)
	Marginal relief	(3,471)	(6,462)
	Adjustments to previous periods	(91,901)	(6,045)
	Additional deduction for R&D	(53,819)	-
	Other tax adjustments	(9,368)	(8,650)
		<u>(159,426)</u>	<u>(39,826)</u>
	Current tax charge for the year	<u>196,453</u>	<u>275,261</u>
7	Dividends	2012 £	2011 £
	Ordinary interim paid	<u>110,485</u>	<u>209,120</u>

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2012 & at 31 December 2012	230,873
Amortisation	
At 1 January 2012	100,000
Charge for the year	50,000
At 31 December 2012	150,000
Net book value	
At 31 December 2012	80,873
At 31 December 2011	130,873

Goodwill is amortised over a period of 5 years, being the estimated useful life.

The company purchased West End Business Limited on 30 November 2009. Immediately following the acquisition of West End Business Limited the trade and assets of the company were transferred to Capital Document Solutions Limited. As a result of this transfer, the value of the company's investment in this subsidiary fell to below the amount at which it was stated in the company's records. However, rather than write down the investment, the directors consider there has been no overall loss to the company and that such a write down would fail to give a true and fair view. As such the directors have elected to re-allocate the investment carrying value to goodwill.

A further consequence of the transfer of trade and assets of West End Business Limited is that, with the trade now in Capital Document Solutions Limited, the company holds an investment in an immaterial subsidiary which qualifies for exemption for consolidation under section 405 of the Companies Act 2006.

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

9 Tangible fixed assets

	Land and buildings freehold £	Leasehold improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2012	2,162,749	775,445	1,319,074	180,503	4,437,771
Additions	-	4,083	276,402	-	280,485
Disposals	-	-	(34,620)	(47,587)	(82,207)
At 31 December 2012	2,162,749	779,528	1,560,856	132,916	4,636,049
Depreciation					
At 1 January 2012	229,391	504,574	650,085	138,881	1,522,931
On disposals	-	-	(21,862)	(46,941)	(68,803)
Charge for the year	44,508	27,087	142,154	21,288	235,037
At 31 December 2012	273,899	531,661	770,377	113,228	1,689,165
Net book value					
At 31 December 2012	1,888,850	247,867	790,479	19,688	2,946,884
At 31 December 2011	1,933,358	270,871	668,989	41,622	2,914,840

Included in equipment are assets with a net book value of £77,272 (2011: £100,366) held for rental under operating leases. Depreciation of £51,193 (2011: £27,687) was charged in the year.

Fixtures, fittings and equipment include assets under development of £574,213 (2011: £402,403) which are not currently being depreciated as they are not fully operational within the current period.

10 Stocks and work in progress

	2012 £	2011 £
Spare parts for office equipment	147,188	130,975
Supplies for office equipment	331,973	262,854
Office equipment	522,384	510,010
	<u>1,001,545</u>	<u>903,839</u>

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

11 Debtors	2012	2011
	£	£
Trade debtors	2,079,807	2,237,256
Prepayments and accrued income	299,220	298,981
	<u>2,379,027</u>	<u>2,536,237</u>
12 Creditors: amounts falling due within one year	2012	2011
	£	£
Term loan	119,041	155,913
Trade creditors	1,634,067	1,496,584
Corporation tax	288,353	275,401
Other taxes and social security costs	593,265	702,205
Other creditors	100,000	167,265
Accruals and deferred income	838,446	1,048,669
	<u>3,573,172</u>	<u>3,846,037</u>

The term loan is secured by a charge over the property owned by the company.

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

13 Creditors: amounts falling due after more than one year	2012 £	2011 £
Bank loans	<u>467,500</u>	<u>586,542</u>
Analysis of loans		
Not wholly repayable within five years by instalments:	577,500	687,500
Wholly repayable within five years	<u>9,041</u>	<u>54,955</u>
	586,541	742,455
Included in current liabilities	<u>(119,041)</u>	<u>(155,913)</u>
	<u>467,500</u>	<u>586,542</u>
Instalments not due within five years	<u>27,500</u>	<u>137,500</u>
Loan maturity analysis		
In more than one year but not more than two years	110,000	119,042
In more than two years but not more than five years	330,000	330,000
In more than five years	<u>27,500</u>	<u>137,500</u>

The bank loan not wholly repayable within five years by instalments relates to the purchase of the Aberdeen premises and is repayable in quarterly instalments and interest accrues at a rate of 1.25% above the bank base rate.

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

14 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2012	84,662
Profit and loss account	46,349
Balance at 31 December 2012	131,011

The deferred tax liability is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	131,011	84,662

15 Pension and other post-retirement benefit commitments Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	140,881	129,391

16 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
168,719 Ordinary shares of £1 each	168,719	168,719

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

17 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2012	88,292	(165,393)	3,291,302
Profit for the year	-	-	1,209,926
Dividends paid	-	-	(110,485)
Sale of shares	-	121,349	-
Gain recognised in EBT	-	(42,101)	42,101
Balance at 31 December 2012	<u>88,292</u>	<u>(86,145)</u>	<u>4,432,844</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2012 & at 31 December 2012	<u>33,354</u>
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Reserves for own shares

Balance at 1 January 2012	(198,747)
Sale of shares	121,349
Gain recognised in EBT	(42,101)
Balance at 31 December 2012	<u>(119,499)</u>

The investment in own shares represents 20,656 (2011: 36,072) ordinary shares (with a nominal value of £1.00) of the company held by the company's Employee Benefit Trust. The purchase of these shares was funded by contributions from the company. The dividend rights in respect of these shares have been waived. All costs of administering the Trust have been met by the company.

18 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,209,926	869,331
Dividends	(110,485)	(209,120)
	<u>1,099,441</u>	<u>660,211</u>
Movements on other reserves	121,349	89,275
	<u>1,220,790</u>	<u>749,486</u>
Net addition to shareholders' funds	3,382,920	2,633,434
Opening shareholders' funds	<u>4,603,710</u>	<u>3,382,920</u>
Closing shareholders' funds	<u>4,603,710</u>	<u>3,382,920</u>

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

19 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013:

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	-	24,173
Between two and five years	248,400	248,400	276,844	162,592
	<u>248,400</u>	<u>248,400</u>	<u>276,844</u>	<u>186,765</u>

20 Capital commitments

2012
£

2011
£

At 31 December 2012 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	<u>56,370</u>	<u>165,000</u>
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21 Directors' remuneration

2012
£

2011
£

Remuneration for qualifying services	520,065	501,783
Company pension contributions to defined contribution schemes	25,819	25,338
	<u>545,884</u>	<u>527,121</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2011 - 3).

The number of directors who exercised share options during the year was 3 (2011 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>229,982</u>	<u>228,854</u>
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CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

22 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2012 Number	2011 Number
Administration	33	30
Maintenance	80	74
Sales and distribution	45	43
	<u>158</u>	<u>147</u>

Employment costs

	2012 £	2011 £
Wages and salaries	5,037,283	4,625,983
Social security costs	557,210	522,471
Other pension costs	140,881	129,391
	<u>5,735,374</u>	<u>5,277,845</u>

Employees and directors hold 19,384 options (2011: 34,800) to subscribe for ordinary shares at an exercise price range of £7.40 to £12.25. In the year 15,416 (2011: 13,150) options were exercised and nil (2011: nil) options lapsed during the year. In the year 0 (2011: 15,500) options were granted.

Options lapse on the holder leaving the company.

The options granted and in issue at the beginning and end of the year have the following conditions attached:

Option Price £	Exercisable Dates	Opening	Granted	Exercised	Forfeited	Closing
6.00	01/02/2002-31/01/2012	6,700	-	(6,700)	-	-
7.40	12/09/2003-11/09/2013	6,000	-	(1,850)	-	4,150
7.75	21/08/2005-20/08/2015	8,100	-	(3,700)	-	4,400
12.25	25/11/2011-30/04/2017	14,000	-	(3,166)	-	10,834
		<u>34,800</u>	<u>-</u>	<u>(15,416)</u>	<u>-</u>	<u>19,384</u>

CAPITAL DOCUMENT SOLUTIONS LIMITED (FORMERLY KNOWN AS CAPITAL COPIERS (EDINBURGH) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

22 Employees

(continued)

There are no other vesting conditions.

The option exercise prices were set at the fair value of the shares at the grant date. The directors consider that the exercise prices are not materially different to the current fair value of the shares and that for the purposes of the provision of FRS 20 "Share-based payments" the fair value of the options is immaterial. Therefore no charge to the profit and loss account has been recognised in this respect.

23 Control

The company is controlled by Tom Flockhart, director.

24 Post balance sheet events

On 31 January 2013 the company purchased Highland Office Equipment Limited.

25 Related party relationships and transactions

Transactions with directors

Included within other creditors at the year end is an amount due to Tom Flockhart, director, of £100,000 (2011: £167,265).

The company leases two properties on an arms length basis from Tom Flockhart, director and his family. Tom Flockhart received an annual rent of £190,650 (2011: £190,650) and Tom Flockhart's family received an annual rent of £57,750 (2011: £57,750).