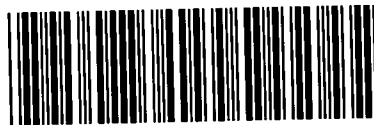


Company Registration No. SC080982 (Scotland)

CAPITAL DOCUMENT SOLUTIONS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2015

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COMPANIES HOUSE

CAPITAL DOCUMENT SOLUTIONS LIMITED

DIRECTORS AND ADVISERS

Directors

Tom Flockhart
Gordon Affleck
Andrew R Aikman
Richard Smith
W Shields Henderson
John Campbell
Ronald Melvin
Mark Harvie

Secretary

Gordon Affleck

Company number

SC080982

Registered office

101 McDonald Road
Edinburgh
EH7 4NW

Registered auditors

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

CAPITAL DOCUMENT SOLUTIONS LIMITED

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CAPITAL DOCUMENT SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present the strategic report and financial statements for the year ended 31 March 2015.

Review of the business

This review is for the financial year from 1st April 2014 to 31st March 2015. The comparative is a fifteen month period from 1st January 2013 to 31st March 2014. The period ended 31 March 2014 reflects the consolidated results of Capital Document Solutions Limited and Highland Office Equipment Limited for a 15 month period, following the change of year end date from December to March. On 31 March 2014, the trade and assets of Highland Office Equipment Limited were hived up to Capital Document Solutions Limited. As a result, for the year ended 31 March 2015, all trade is included within the results of Capital Document Solutions Limited. To improve comparability between 2014 and 2015 the directors have opted to prepare consolidated group accounts. Narrative in the Strategic Report and Directors' Report is therefore made in the context of the company Capital Document Solutions Limited.

The twelve month period to March 2015 was another important period in the growth and development of the company with a number of strategic objectives achieved.

The main activities of the company continue to be the sale, support and maintenance of digital Multi-Functional Devices (MFD's) and printers as well as providing print and document management solutions within the Corporate, Commercial (SME's) and Public Sector markets.

The company continues to develop and invest in its operations across Scotland with offices in Edinburgh, Glasgow, Dundee, Aberdeen, Inverness and Shetland.

Our company continues to invest in our internal and IT systems. Our Inverness branch was fully integrated onto the company's ERP system at the end of March 2015, enabling the whole business to now operate on the one IT platform.

The company continues to invest in its people, products, processes and premises and this investment, combined with our belief in "old fashioned" customer focussed service values, has continued to benefit the company in terms of client retention as well as a consistent growth in the number of our machines in the field (MIF) and our annual service revenues. This investment is demonstrated by the increase of average staff numbers from 196 to 203, with further staff additions since the year end.

Turnover for the year to March 2015 was £21.4m with an operating profit of £1.4m.

CAPITAL DOCUMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Principal risks and uncertainties

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

- Competition - the company operates in an increasingly competitive market. Both the expertise in providing printing solutions and the strong supplier relationships have helped to provide a competitive edge. The company continues to invest in training and developing the skills and expertise of employees. This will ensure continuing improvement in performance and staff retention. The company operates in three main sectors across all of its branches: Corporate, Commercial (SME's) and Public Sector. The company therefore has a large and diverse client base and does not have any reliance on specific major clients.

- Product risk - the company operates in an ever changing market place due to the constant changes in technology. By supplying equipment from a variety of manufacturers and keeping up to date with their latest innovations, we continue to ensure that we are in a strong position to supply and service our customers' requirements.

- Financial risk management - the main financial risk from the company's activities is credit risk. The risk is limited as hardware sales to customers are normally financed by leasing companies. The credit risk of service revenue is monitored by the board of directors and is not considered to be significant at the balance sheet date.

- Liquidity risk - the company monitors cash flow as part of its day to day control procedures.

- Environmental risks: the company continues to place considerable emphasis on environmental compliance in all of our business practices and seek to ensure ongoing compliance with relevant legislation while striving to ensure that best practice is incorporated into our Key Management Systems (EMS). All of our established branches are ISO14001:2004 accredited and our focus remains on continued improvement in this area. We will have our new Inverness branch fully accredited no later than the end of March 2016.

- Disruption / disaster: business continuity planning is reviewed regularly, and new necessary infrastructure is in the process of being implemented. A full test of the business continuity infrastructure will take place before the end of March 2016.

- The effect of legislation or other regulatory activities: the company monitors forthcoming and current legislation regularly.

CAPITAL DOCUMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Analysis of development and performance

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

- Sales and Marketing: new and replacement business is being targeted and won within the Corporate, Commercial (SME's) and Public Sector markets. Complete document solutions strategies covering print, copy, and document management are being continually developed for existing and prospective customers, in line with the company's strategy, aimed at growing our market share, machines in the field and service revenue. Key customer relationships are managed effectively on a regular basis and our investment and efforts in marketing activity are monitored closely, as are the responses.

- Capital Investment: the company continues to invest heavily in improving its facilities in order to present our people, premises and products in the best possible light, whilst offering world class working conditions for our employees. During the year our Inverness office was refurbished to significantly improve the working area for its workshop and stores employees and enhance the working environment for all staff there.

- Health and Safety: the company continues to adhere to HSG65 guidelines and is working towards implementing 18001 standards where possible.

- Public Sector contracts: the company continues to operate as an approved supplier for its products and services under the Scottish National Procurement Framework agreement. It continues to invest in personnel and infrastructure to maximise this significant 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, machines in the field, stock and the management of working capital.

On behalf of the board



Gordon Affleck

Director

15th December 2015

CAPITAL DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and financial statements for the year ended 31 March 2015.

Principal activities

The principal activities of the company continue to be the sale, support and maintenance of digital Multi-Functional Devices (MFDs) and printers as well as print and document management solutions.

Results and dividends

The consolidated profit and loss account for the year is set out on page 8.

The profit on ordinary activities after taxation for year is £1,060,699 (2014: £999,541 for the 15 month period). The directors paid a final dividend of £2.50 per share for the period ended 31 March 2014 and an interim dividend of £1.60 per share for the year ended 31 March 2015 (2014: interim dividend of £1.25).

Directors

The following directors have held office since 1 April 2014:

Tom Flockhart
Gordon Affleck
Andrew R Aikman
Richard Smith
W Shields Henderson
John Campbell
Ronald Melvin
Mark Harvie

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 group and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CAPITAL DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group'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 group's auditors are aware of that information.

On behalf of the board



Gordon Affleck

Director

15th December 2015

CAPITAL DOCUMENT SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Capital Document Solutions Limited for the year ended 31 March 2015 set out on pages 8 to 25. 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 set out on pages 4 - 5, 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 group's and 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and parent company's affairs as at 31 March 2015 and of the group's 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CAPITAL DOCUMENT SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Irvine Spowart (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

17 December 2015
.....

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

CAPITAL DOCUMENT SOLUTIONS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year ended 31 March 2015 £	15 month period ended 31 March 2014 £
Turnover	2	21,423,645	25,599,794
Cost of sales		(9,517,467)	(11,760,790)
Gross profit		11,906,178	13,839,004
Distribution costs		(931,388)	(982,457)
Administrative expenses		(9,525,057)	(11,451,315)
Operating profit	3	1,449,733	1,405,232
Profit on sale of tangible assets		200	4,795
Profit on ordinary activities before interest		1,449,933	1,410,027
Other interest receivable and similar income		1,087	8,418
Interest payable and similar charges	4	(42,725)	(57,386)
Profit on ordinary activities before taxation		1,408,295	1,361,059
Tax on profit on ordinary activities	5	(350,059)	(361,518)
Profit on ordinary activities after taxation		1,058,236	999,541

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.

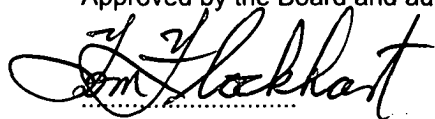
CAPITAL DOCUMENT SOLUTIONS LIMITED

BALANCE SHEETS

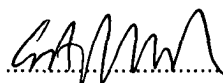
AS AT 31 MARCH 2015

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Fixed assets					
Intangible assets	7	1,252,895	1,431,212	1,252,895	1,431,212
Tangible assets	8	3,688,450	3,707,473	3,688,450	3,707,473
Investments	9	-	-	200	200
		<u>4,941,345</u>	<u>5,138,685</u>	<u>4,941,545</u>	<u>5,138,885</u>
Current assets					
Stocks	10	1,196,193	1,058,991	1,196,193	1,058,991
Debtors	11	5,295,927	3,382,314	5,295,927	3,382,314
Cash at bank and in hand		1,074,702	1,364,838	1,074,702	1,364,838
		<u>7,566,822</u>	<u>5,806,143</u>	<u>7,566,822</u>	<u>5,806,143</u>
Creditors: amounts falling due within one year	12	(5,336,730)	(4,024,711)	(5,336,930)	(4,024,911)
Net current assets		<u>2,230,092</u>	<u>1,781,432</u>	<u>2,229,892</u>	<u>1,781,232</u>
Total assets less current liabilities		<u>7,171,437</u>	<u>6,920,117</u>	<u>7,171,437</u>	<u>6,920,117</u>
Creditors: amounts falling due after more than one year	13	(1,053,753)	(1,229,375)	(1,053,753)	(1,229,375)
Provisions for liabilities	14	(208,865)	(171,034)	(208,865)	(171,034)
		<u>5,908,819</u>	<u>5,519,708</u>	<u>5,908,819</u>	<u>5,519,708</u>
Capital and reserves					
Called up share capital	16	168,719	168,719	168,719	168,719
Share premium account	17	88,292	88,292	88,292	88,292
Other reserves	17	(47,631)	(18,645)	(47,631)	(18,645)
Profit and loss account	17	5,699,439	5,281,342	5,699,439	5,281,342
Shareholders' funds	18	<u>5,908,819</u>	<u>5,519,708</u>	<u>5,908,819</u>	<u>5,519,708</u>

Approved by the Board and authorised for issue on 15th December 2015



Tom Flockhart
Director



Gordon Affleck
Director

Company Registration No. SC080982

CAPITAL DOCUMENT SOLUTIONS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	£	2015 £	£	2014 £
Net cash inflow from operating activities		1,331,698		1,497,108
Returns on investments and servicing of finance				
Interest received	1,087		8,418	
Interest paid	(42,725)		(57,386)	
Net cash outflow for returns on investments and servicing of finance		(41,638)		(48,968)
Taxation		(256,221)		(430,248)
Capital expenditure				
Payments to acquire tangible assets	(279,428)		(1,077,565)	
Receipts from sales of tangible assets	200		7,300	
Net cash outflow from capital expenditure		(279,228)		(1,070,265)
Acquisitions and disposals				
Purchase of subsidiary undertakings (net of cash acquired)	-		(1,884,769)	
Net cash outflow for acquisitions and disposals		-		(1,884,769)
Equity dividends paid		(649,933)		(200,000)
Net cash inflow/(outflow) before management of liquid resources and financing		104,678		(2,137,142)
Financing				
Sale and purchase of own shares	101,672		116,457	
New long term bank loan	-		2,030,000	
Repayment of long term bank loan	(375,622)		(1,011,541)	
Share buy back	(120,864)		-	
Net cash (outflow)/inflow from financing		394,814		1,134,916
Decrease in cash in the year		(290,136)		(1,002,226)

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

1	Reconciliation of operating profit to net cash inflow from operating activities		2015	2014
			£	£
	Operating profit		1,449,733	1,405,232
	Depreciation of tangible assets		294,233	363,365
	Amortisation of intangible assets		178,317	249,101
	(Increase)/Decrease in stocks		(132,984)	108,527
	Increase in debtors		(1,913,613)	(525,049)
	Increase/(Decrease) in creditors within one year		1,456,012	(104,068)
	Net cash inflow from operating activities		1,331,698	1,497,108

2	Analysis of net debt	1 April 2014	Cash flow	Other non-cash changes	31 March 2015
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,364,838	(290,136)	-	1,074,702
	Debts falling due within one year	(375,625)	175,622	24,378	(175,625)
	Debts falling due after one year	(1,229,375)	200,000	(24,378)	(1,053,753)
		(1,605,000)	375,622	-	(1,229,378)
	Net debt	(240,162)	85,486	-	(154,676)

3	Reconciliation of net cash flow to movement in net debt	2015	2014
		£	£
	Decrease in cash in the year	(290,136)	(1,002,226)
	Cash outflow/(inflow) from decrease/(increase) in debt	375,622	(1,018,459)
	Movement in net debt in the year	85,486	(2,020,685)
	Opening net (debt)/funds	(240,162)	1,780,523
	Closing net debt	(154,676)	(240,162)

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 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).

1.3 Basis of consolidation

On 31 March 2014, the trade and assets of Highland Office Equipment Limited were transferred to Capital Document Solutions Limited. The consolidated profit and loss account and balance sheet include the financial statements of the company made up to 31 March 2015, as there were no trading subsidiaries. Comparative profit and loss accounts includes the results of the subsidiary undertaking to 31 March 2014 where inter-group sales and profits are eliminated on consolidation.

1.4 Turnover

Turnover is generated from both sales and service activities. Sales revenue derives from the sale of software as well as new and used office copier/printer products, 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 equipment 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 service contracts with customers. All revenues are stated after deducting returns, allowances, lease settlements 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 other than freehold land 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)
Land and buildings leasehold	4% - 5% per annum (straight line)
Fixtures, fittings & equipment	20% - 33.33% per annum (straight line)
Motor vehicles	25% per annum (straight line)

1.7 Leasing

Assets leased to customers under operating leases are included in "Tangible fixed assets". Rentals payable and receivable under operating leases are accounted for on the straight line basis over the periods of the leases.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

(Continued)

1.9 Stock and work in progress

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

1.10 Pensions

The group 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.

1.11 Deferred taxation

The charge for taxation is based on the results for the period 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.

1.12 Maintenance agreements

Annual maintenance agreements with customers are paid for in advance and the income is credited to the profit and loss account over the life of the agreement.

1.13 Own shares held by employee benefit trust

Transactions of the company-sponsored employee benefit trust are treated as being those of the Company as the Company has de facto control of the assets and liabilities of the trust 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.

1.14 Profit for the financial year

As permitted by section 408 Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. However, as outlined in the Strategic Report, the current year consolidated profit and loss account mirrors the company only results of Capital Document Solutions Limited.

2 Turnover

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

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

3	Operating profit		2015	2014
			£	£
	Operating profit is stated after charging:			
			178,317	249,101
			294,233	363,365
			322,464	493,868
			248,400	248,400
		Audit	19,300	27,750
		Other	8,300	48,320
	and after crediting:			
			77,226	149,959
4	Interest payable		2015	2014
			£	£
			42,725	57,386

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

5	Taxation	2015 £	2014 £
	Domestic current year tax		
	U.K. corporation tax	338,142	326,754
	Adjustment for prior years	(25,914)	(5,259)
	Total current tax	<u>312,228</u>	<u>321,495</u>
	Deferred tax		
	Deferred tax charge credit for current year	15,356	35,302
	Deferred tax adjustments arising in previous periods	22,475	4,721
		<u>37,831</u>	<u>40,023</u>
		<u>350,059</u>	<u>361,518</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,408,295</u>	<u>1,361,059</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21% (2014 - 23.2%)	<u>295,742</u>	<u>315,766</u>
	Effects of:		
	Non deductible expenses	9,879	10,253
	Depreciation add back	58,321	87,857
	Capital allowances in excess of depreciation	(24,653)	(46,378)
	Income not taxable for tax purposes	-	(1,398)
	Marginal relief	-	(3,194)
	Adjustments to previous periods	(25,914)	(5,259)
	Tax credits	-	(59)
	Additional deduction for Research & Development	-	(26,820)
	Other tax adjustments	(1,147)	(9,273)
		<u>16,486</u>	<u>5,729</u>
	Current tax charge for the year	<u>312,228</u>	<u>321,495</u>
6	Dividends	2015 £	2014 £
	Ordinary interim paid	<u>649,933</u>	<u>200,000</u>

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

7 Intangible fixed assets Group and Company

	Goodwill £
Cost	
At 1 April 2014 & at 31 March 2015	1,830,313
Amortisation	
At 1 April 2014	399,101
Charge for the year	178,317
At 31 March 2015	577,418
Net book value	
At 31 March 2015	1,252,895
At 31 March 2014	1,431,212

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 investments in this subsidiary fell 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. Goodwill is amortised over a period of 5 years, being the estimated useful life.

A further consequence of transfer of trade and assets of West End Business limited is that, with the trade and assets 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.

On 31 January 2013, the company purchased Highland Office Equipment Limited and on 31 March 2014, the trade and assets of the company were transferred to Capital Document Solutions Limited. As a result of this hive up, the company's investment in Highland Office Equipment was written down to the value of Highland Offices Equipment's reserves at acquisition, net of dividends received by Capital Document Solutions in the period. Subsequently a transfer was made from investments to goodwill in the company's balance sheet. Goodwill is amortised over a period of 10 years, being the estimated useful life.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

8 Tangible fixed assets

Group and Company

	Land and buildings freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2014	2,960,079	2,537,885	150,815	5,648,779
Additions	99,891	182,909	-	282,800
Disposals	-	(41,146)	(36,538)	(77,684)
At 31 March 2015	3,059,970	2,679,648	114,277	5,853,895
Depreciation				
At 1 April 2014	350,558	1,502,525	88,223	1,941,306
On disposals	-	(33,556)	(36,538)	(70,094)
Charge for the year	70,306	197,724	26,203	294,233
At 31 March 2015	420,864	1,666,693	77,888	2,165,445
Net book value				
At 31 March 2015	2,639,106	1,012,955	36,389	3,688,450
At 31 March 2014	2,609,521	1,035,360	62,592	3,707,473

Included in equipment are assets with a net book value of £2,707 (2014: £13,808) held for rental under operating leases. Depreciation of £6,882 (2014: £23,228) was charged in the year.

9 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 April 2014 & at 31 March 2015	200
Net book value	
At 31 March 2015	200
At 31 March 2014	200

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

9 Fixed asset investments

(Continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Highland Office Equipment Limited	Scotland	Ordinary	100.00
H O E Limited	Scotland	Ordinary	100.00
Highland Office Limited	Scotland	Ordinary	100.00
Capital Copiers (Edinburgh) Limited	Scotland	Ordinary	100.00
Capital Solutions Employee Benefit Trustees Limited	Scotland	Ordinary	100.00
West End Business Systems Limited	Scotland	Ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Highland Office Equipment Limited	Dormant
H O E Limited	Dormant
Highland Office Limited	Dormant
Capital Copiers (Edinburgh) Limited	Dormant
Capital Solutions Employee Benefit Trustees Limited	Dormant
West End Business Systems Limited	Dormant

10 Stocks and work in progress

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Raw materials and consumables	306,769	248,766	306,769	248,766
Work in progress	253,797	208,362	253,797	208,362
Finished goods and goods for resale	635,627	601,863	635,627	601,863
	<u>1,196,193</u>	<u>1,058,991</u>	<u>1,196,193</u>	<u>1,058,991</u>

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

11 Debtors

	Group 2015 £	2014 £	Company 2015 £	2014 £
Trade debtors	4,725,562	2,919,729	4,725,562	2,919,729
Prepayments and accrued income	570,365	462,585	570,365	462,585
	<u>5,295,927</u>	<u>3,382,314</u>	<u>5,295,927</u>	<u>3,382,314</u>

12 Creditors : amounts falling due within one year

	Group 2015 £	2014 £	Company 2015 £	2014 £
Bank loans and overdrafts	175,625	375,625	175,625	375,625
Trade creditors	2,299,663	1,742,488	2,299,663	1,742,488
Amounts owed to group undertakings	-	-	200	200
Corporation tax	335,320	279,313	335,320	279,313
Taxes and social security costs	850,037	638,912	850,037	638,912
Accruals and deferred income	1,676,085	988,373	1,676,085	988,373
	<u>5,336,730</u>	<u>4,024,711</u>	<u>5,336,930</u>	<u>4,024,911</u>

Term loans are secured by a bond and floating charge over the assets of the company, and security over the company's properties.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

13 Creditors : amounts falling due after more than one year

	Group 2015 £	2014 £	Company 2015 £	2014 £
Bank loans	1,053,753	1,229,375	1,053,753	1,229,375
Analysis of loans				
Wholly repayable within five years	1,229,378	1,605,000	1,229,378	1,605,000
Included in current liabilities	(175,625)	(375,625)	(175,625)	(375,625)
	1,053,753	1,229,375	1,053,753	1,229,375
Loan maturity analysis				
In more than one year but not more than two years	175,625	175,625	175,625	175,625
In more than two years but not more than five years	1,053,754	1,053,750	1,053,753	1,053,750

14 Provisions for liabilities Group

	Deferred taxation £
Balance at 1 April 2014	171,034
Profit and loss account	37,831
Balance at 31 March 2015	208,865

Company

Balance at 1 April 2014	171,034
Profit and loss account	37,831
Balance at 31 March 2015	208,865

The deferred tax liability is made up as follows:

	Group and Company 2015 £	2014 £
Accelerated capital allowances	208,865	171,034

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

15 Pension and other post-retirement benefit commitments

	2015 £	2014 £
Contributions payable by the group for the year	240,988	231,170

16 Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
168,719 Ordinary shares of £1 each	168,719	168,719

17 Statement of movements on reserves

Group and Company

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2014	88,292	(18,645)	5,281,342
Profit for the year	-	-	1,058,236
Dividends paid	-	-	(649,933)
Sale and purchase of shares	-	(19,192)	-
Gain recognised in EBT	-	(9,794)	9,794
Balance at 31 March 2015	88,292	(47,631)	5,699,439

Other reserves

Capital redemption reserve

Balance at 1 April 2014 & at 31 March 2015	33,354
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Investment in own shares reserve

Balance at 1 April 2014	(51,999)
Purchase of shares	(120,864)
Sale of shares	101,672
Gain recognised in EBT	(9,794)
Balance at 31 March 2015	(80,985)

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

18 Reconciliation of movements in shareholders' funds

Group and Company	2015 £	2014 £
Profit for the financial year	1,058,236	999,541
Dividends	(649,933)	(200,000)
Sale and purchase of own shares	(19,192)	116,457
Net addition to shareholders' funds	389,111	915,998
Opening shareholders' funds	5,519,708	4,603,710
Closing shareholders' funds	5,908,819	5,519,708

19 Financial commitments

At 31 March 2015 the group and company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015 £	2014 £	2015 £	2014 £
Expiry date:				
Within one year	-	-	112,499	9,360
Between two and five years	248,400	248,400	209,965	340,998
	248,400	248,400	322,464	350,358

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

20	Directors' remuneration	12 month period 2015 £	15 month period 2014 £
	Remuneration for qualifying services	832,070	893,580
	Company pension contributions to defined contribution schemes	50,562	46,825
		<u>882,632</u>	<u>940,405</u>

The number of directors who exercised share options during the year was 6 (2014 - 3).

The number of directors whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2014 - 6).

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

Remuneration for qualifying services	<u>235,757</u>	<u>273,344</u>
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CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

21 Employees

Number of employees

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

	2015 Number	2014 Number
Administration	63	41
Maintenance	88	101
Sales and distribution	52	54
	<u>203</u>	<u>196</u>

Employment costs

	2015 £	2014 £
Wages and Salaries	6,560,279	7,793,650
Social security costs	698,883	848,396
Other pension costs	240,988	231,170
	<u>7,500,150</u>	<u>8,873,216</u>

Employees and directors hold 8,381 (2014: 14,147) options to subscribe for ordinary shares at an exercise price range of £7.75 to £12.25. In the period, 9,016 (2014: 11,767) options were exercised and nil (2014: 500) lapsed. 3,250 (2014: 7,030) options were granted in the period.

Options lapse on the holder leaving the company.

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

Option price £	Exercisable dates	Opening	Granted	Exercised	Closing
7.75	21/08/2005 - 20/08/2015	2,450	-	(1,950)	500
12.25	25/11/2011 - 30/04/2017	11,697	3,250	(7,066)	7,881
		<u>14,147</u>	<u>3,250</u>	<u>(9,016)</u>	<u>8,381</u>

There are no vesting conditions.

In addition, 410 options over Z-shares were granted during the year at an exercise price of £0.10 per share. Z-shares hold no distribution rights and return on capital is subject to a future company valuation.

The options exercise prices were set at the fair value of the shares at the grant date. The directors consider that for the purposes of the provisions of FRS 20 "Share-based payments" the fair value of the options is immaterial. Therefore no charge to the profit or loss account has been recognised in this respect.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2015**

22 Control

The group is controlled by Tom Flockhart, director.

23 Related party relationships and transactions

Group

The group leases two properties on an arms length basis from Tom Flockhart, director and his family. Tom Flockhart and his family received rent of £248,400 during the period end 31 March 2015 (2014: £248,400).