Company Registration No. SC080982 (Scotland)

CAPITAL DOCUMENT SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



COMPANIES HOUSE
30 OCT 2020
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CAPITAL DOCUMENT SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	Tom Flockhart Gordon Affleck Andrew Aikman Richard Smith William Shields Henderson John Campbell Mark Harvie Ronald Melvin
Secretary	Gordon Affleck
Company number	SC080982
Registered office	101 McDonald Road Edinburgh EH7 4NW
Auditor	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 2020

The directors present the strategic report for the year ended 31 March 2020.

Fair review of the business

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

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

The company invests in its people, products, processes and premises and this investment, combined with our belief in and commitment to customer focused service values, continues to benefit the company through a high level of client retention and a consistent growth in our machines in the field (MIF), through new contract wins.

Covid-19 has affected all businesses in 2020. The impact on the year to the end of March 2020 was limited for Capital Document Solutions, as the lockdown began in our area during the last week of March. Following the year end, trading conditions have been challenging with significantly reduced service revenues and sales opportunities. As a result, a trading loss is forecast for the year to March 2021. The company is working hard to keep the cash impact of this forecast loss, for the year to March 21, to a minimum by focusing on stock levels and using the available Government schemes including the Furlough scheme and VAT payment deferral. Reductions in the company's cost base have been made post year end to offset some of the decreased service revenue and some of these reductions result in exceptional costs in the year to March 2021. The company has sufficient resources from historical trading and with its underlying fundamentals of strong cash reserves (£4.2m at the end of March 2020), strength of its Balance Sheet (£7.4m net assets), its large and loyal customer base and high reputation these will ensure that it will continue to be a major supplier in Scotland.

Turnover for the year to March 2020 was £22.1m with an operating profit of £1.1m.

Principal risks and uncertainties

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

- Competition – the company operates in an increasingly competitive market. The combination of our expertise in providing copy / print and ECM solutions along with our strong supplier relationships has helped improve our competitive edge. The company continues to invest in training and developing the skills and expertise of our employees. This will ensure continuing improvement in performance and staff retention. The company operates in three main sectors across all its branches: Corporate, Commercial (SME's) and Public Sector. The company therefore has a large diverse client base and MIF and therefore is not reliant on any specific major client.

- Product risk: the company operates in an ever-changing market-place due to the continual developments in technology and clients' requirements. By supplying hardware and software from a variety of market leading manufacturers and developers, as well as 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' evolving 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 mostly 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.

Principal risks and uncertainties (continued)

- Currency risk – the main suppliers the company purchases its machines and consumables from are UK based, however these suppliers import their goods through Europe. To prepare for the possibility of there being problems obtaining key materials in the immediate weeks post-Brexit, the company stocked up at the end of March 2019 on toner, parts and consumables, to protect the company and its customers as well as protecting against any immediate currency impact. As a result, the increase in stock at the end of March 2019 compared to normal stock levels was £500k. Due to the impact of Covid-19, at the end of March 2020 the company stocked up on some machines and toner and stock levels, although down year on year, were still £200k higher than normal levels.

- Consumables and parts availability and prices: the company monitors these on a regular basis and negotiates competitive supply contracts with its key suppliers.

- Environmental risks: the company continues to place considerable emphasis on environmental compliance in all our business practices and seeks to ensure ongoing compliance with relevant legislation, whilst striving to ensure that best practice is incorporated into its Key Management Systems. All our established branches are ISO14001:2004 accredited and our focus remains on continued improvement in this area.

- Disruption / disaster: business continuity planning is reviewed regularly, and necessary new infrastructure is in the process of being implemented. A full test of the business continuity infrastructure will take place within the next twelve months.

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

- An Information Security Management System has been implemented for our IT infrastructure and user company wide. The management system was accredited to ISO270001 in May 2017 and was successfully audited by BSI in February 2020.

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. Corporate document solution strategies covering print, copy, and content document management are continually being developed for existing and prospective customers, in line with the company's strategy aimed at consistently growing our market share, MIF and service revenue. Key customer relationships are managed effectively on a regular basis and our investment and efforts in marketing activity is monitored closely, as are the responses.

- Capital Investment: the company takes pride in its facilities to present our people, premises and products in the best possible light, whilst offering world class working conditions for its employees. The company also continues to invest in systems and to improve its processes, to deliver value added services to our customers.

- Health and Safety: the company adheres to HSG65 guidelines and is working towards maintaining 18001 standards where appropriate.

- 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 over many of the Public Sector contracts awarded 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
29/10/20

CAPITAL DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

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

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

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

Results and dividends
The results for the year are set out on page 8.

Ordinary dividends were declared and paid amounting to £539,868. The directors do not recommend payment of a final dividend.

Auditor
The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 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 auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

On behalf of the board

.....
Gordon Affleck
Director

Date: 29/10/20

CAPITAL DOCUMENT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Capital Document Solutions Limited (the 'company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Johnston Carmichael LLP

Grant Roger (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

29/10/20

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

CAPITAL DOCUMENT SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

		2020 £	2019 £
Turnover	**3**	22,065,861	22,654,903
Cost of sales		(10,009,528)	(10,062,604)
Gross profit		12,056,333	12,592,299
Distribution costs		(606,469)	(729,451)
Administrative expenses		(10,013,315)	(9,967,848)
Depreciation and amortisation		(325,411)	(683,978)
Exceptional item	**10**	-	(613,436)
Operating profit	**4**	1,111,138	597,586
Interest receivable and similar income	**3**	13,010	7,075
Profit before taxation		1,124,148	604,661
Tax on profit	**8**	(250,237)	(283,961)
Profit for the financial year		873,911	320,700

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

CAPITAL DOCUMENT SOLUTIONS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	10		198,433		357,180
Tangible assets	11		2,503,972		2,610,936
Investments	12		200		200
			2,702,605		2,968,316
Current assets					
Stocks	15	1,299,108		1,592,410	
Debtors	16	3,169,707		3,517,535	
Cash at bank and in hand		4,208,129		3,726,513	
		8,676,944		8,836,458	
Creditors: amounts falling due within one year	17	(3,881,406)		(4,592,094)	
Net current assets			4,795,538		4,244,364
Total assets less current liabilities			7,498,143		7,212,680
Provisions for liabilities	18		(141,234)		(149,820)
Net assets			7,356,909		7,062,860
Capital and reserves					
Called up share capital	22		168,719		168,719
Share premium account	23		88,292		88,292
Capital redemption reserve	23		33,354		33,354
Own shares	23		(245,786)		(205,792)
Profit and loss reserves	23		7,312,330		6,978,287
Total equity			7,356,909		7,062,860

The financial statements were approved by the board of directors and authorised for issue on 29/10/20 and are signed on its behalf by:

Tom Flockhart
Director

Gordon Affleck
Director

Company Registration No. SC080982

CAPITAL DOCUMENT SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Own shares £	Profit and loss reserves £	Total £
Balance at 1 April 2018		168,719	88,292	33,354	(130,832)	7,212,015	7,371,548
Period ended 31 March 2019:							
Profit and total comprehensive income for the year		-	-	-	-	320,700	320,700
Dividends	9	-	-	-	-	(554,428)	(554,428)
Purchase of shares		-	-	-	(84,870)	-	(84,870)
Sale of shares		-	-	-	9,910	-	9,910
Balance at 31 March 2019		168,719	88,292	33,354	(205,792)	6,978,287	7,062,860
Period ended 31 March 2020:							
Profit and total comprehensive income for the year		-	-	-	-	873,911	873,911
Dividends	9	-	-	-	-	(539,868)	(539,868)
Purchase of shares		-	-	-	(39,994)	-	(39,994)
Balance at 31 March 2020		168,719	88,292	33,354	(245,786)	7,312,330	7,356,909

CAPITAL DOCUMENT SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash generated from operations	27		1,395,867		2,162,835
Income taxes paid			(288,799)		(293,670)
Net cash inflow from operating activities			1,107,068		1,869,165
Investing activities					
Purchase of tangible fixed assets		(59,700)		(152,849)	
Proceeds on disposal of tangible fixed assets		1,100		20,904	
Interest received		13,010		7,075	
Net cash used in investing activities			(45,590)		(124,870)
Financing activities					
Purchase of own shares		(39,994)		(84,870)	
Sale of own shares		-		9,910	
Dividends paid		(539,868)		(554,428)	
Net cash used in financing activities			(579,862)		(629,388)
Net increase in cash and cash equivalents			481,616		1,114,907
Cash and cash equivalents at beginning of year			3,726,513		2,611,606
Cash and cash equivalents at end of year			4,208,129		3,726,513

1 Accounting policies

Company information

Capital Document Solutions Limited is a private company limited by shares incorporated in Scotland. The registered office is 101 McDonald Road, Edinburgh, EH7 4NW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. The directors have considered the future impact of the Coronavirus as disclosed in the strategic report.

1.3 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. Revenue is recognised on machine sales where risks and rewards of inventory are passed to the customer. For deliveries to the customer, this is the point of acceptance of the machines. Service revenue is principally generated from metered copy/print contracts with customers. All revenues are stated after deducting returns, allowances, lease settlements and VAT, and represent the fair value of consideration received or receivable.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	12.5% per annum (straight line)

1 Accounting policies **(Continued)**

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of comprehensive income.

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of comprehensive income.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials. No value is allocated to stocks of copier supplies (i.e. toner) in the field.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in the statement of comprehensive income.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1 Accounting policies **(Continued)**

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through the statement of comprehensive income are assessed for indicators of impairment at each reporting end date.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Bank loans are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Where material, the cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest. Where this charge would be immaterial, no adjustment is made.

1 Accounting policies **(Continued)**

1.16 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 the shares in the company are debited and credited equally to equity.

1.17 Maintenance agreements

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

1.18 Consolidation

Capital Document Solutions Limited holds an investment in a number of immaterial subsidiaries which qualify for exemption from consolidation under section 405 of the Companies Act 2006.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock provisioning

The company's stock is reviewed regularly for evidence of obsolescence. Management's estimate of the required stock provision is based on the ageing of stock, physical inspection for obsolescence and knowledge of machines currently in the field, and therefore the spare parts that will be required to service these machines.

Useful life of goodwill

Management allocate a useful life to goodwill based on the expected life of customers acquired through the business combination. The profitability of these customers is reviewed annually, and this is taken into account when concluding on whether the remaining useful life remains relevant, or whether an impairment is required.

Revenue recognition

Included within turnover is an element of estimate applied to some meter billing invoices where actual usage and readings have not been able to be obtained at the point of invoice. Any estimated usage and invoices are based on the customers' actual usage and readings over previous periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Sales of goods	10,964,184	11,107,423
Rendering of services	11,101,677	11,547,480
	22,065,861	22,654,903

	2020	2019
	£	£
Other significant revenue		
Interest income	13,010	7,075

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	22,065,861	22,654,903

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2020 £	2019 £
Depreciation of owned tangible fixed assets	166,664	365,644
Profit on disposal of tangible fixed assets	(1,100)	(9,807)
Amortisation of intangible assets	158,747	318,333
Exceptional item (see note 11)	-	613,436
Cost of stocks recognised as an expense	10,009,528	10,062,604

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	2020 £	2019 £
For audit services		
Audit of the financial statements of the company	20,100	19,500
For other services		
Taxation compliance services	4,250	3,950

6 Employees

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

	2020 Number	2019 Number
Administration	47	48
Maintenance	98	104
Sales and distribution	51	53
	196	205

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	6,857,897	6,921,825
Social security costs	776,094	776,921
Pension costs	464,700	428,282
	8,098,691	8,127,028

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	792,980	787,637
Company pension contributions to defined contribution schemes	39,205	40,493
	832,185	828,130

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2019 - 7).

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

Remuneration for qualifying services	233,557	234,484

During the year, pension contributions in respect of the highest paid director were £nil (2019: £nil).

8 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	257,262	326,570
Adjustments in respect of prior periods	1,561	(3,656)
Total current tax	258,823	322,914
Deferred tax		
Origination and reversal of timing differences	(8,869)	(38,953)
Adjustment in respect of prior periods	283	-
Total deferred tax	(8,586)	(38,953)
Total tax charge	250,237	283,961

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	1,124,148	604,661
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	213,588	114,886
Tax effect of expenses that are not deductible in determining taxable profit	5,420	6,097
Adjustments in respect of prior years	1,561	(3,656)
Effect of change in corporation tax rate	17,659	4,583
Other permanent differences	-	(953)
Deferred tax adjustments in respect of prior years	283	-
Tax adjustment on disallowed amortisation	12,084	163,004
Additional deduction for land remediation expenditure	(358)	-
Taxation for the year	250,237	283,961

9 Dividends

	2020	2019
	£	£
Interim declared and paid	539,868	554,428

10 Intangible fixed assets

	Goodwill	Software	Total
	£	£	£
Cost			
At 1 April 2019 and 31 March 2020	1,830,313	906,518	2,736,831
Amortisation and impairment			
At 1 April 2019	1,830,313	549,338	2,379,651
Amortisation charged for the year	-	158,747	158,747
At 31 March 2020	1,830,313	708,085	2,538,398
Carrying amount			
At 31 March 2020	-	198,433	198,433
At 31 March 2019	-	357,180	357,180

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 Limited was written down to the value of Highland Offices Equipment Limited's reserves at acquisition, net of dividends received by Capital Document Solutions Limited in the period. Subsequently a transfer was made from investments to goodwill in the company's balance sheet. Goodwill was being amortised over a period of 10 years, being the estimated useful life; however, during the prior year there was an exceptional expense of £613,436 writing goodwill down to £nil. This is based on projected profits for Highland Office Equipment Limited in the coming years.

A further consequence of transfer of trade and assets of Highland Office Equipment Limited is that, with the trade and assets now in Capital Document Solutions Limited, the company holds an investment in an immaterial subsidiary (and additional dormant subsidiaries) which qualifies for exemption from consolidation under section 405 of the Companies Act 2006.

11 Tangible fixed assets

	Land and buildings freehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2019	3,096,529	2,350,858	140,016	5,587,403
Additions	-	59,700	-	59,700
Disposals	-	(2,300)	-	(2,300)
At 31 March 2020	3,096,529	2,408,258	140,016	5,644,803
Depreciation and impairment				
At 1 April 2019	788,752	2,097,769	89,946	2,976,467
Depreciation charged in the year	58,871	85,930	21,863	166,664
Eliminated in respect of disposals	-	(2,300)	-	(2,300)
At 31 March 2020	847,623	2,181,399	111,809	3,140,831
Carrying amount				
At 31 March 2020	2,248,906	226,859	28,207	2,503,972
At 31 March 2019	2,307,777	253,089	50,070	2,610,936

Included in equipment are assets with a net book value of £8,259 (2019: £15,829) rented out under operating leases. Depreciation of £7,543 (2019: £31,061) was charged in the year.

12 Fixed asset investments

	Notes	2020	2019
		£	£
Investments in subsidiaries	13	200	200

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2019 & 31 March 2020	200
Carrying amount	
At 31 March 2020	200
At 31 March 2019	200

13 Subsidiaries

These financial statements are separate company financial statements for Capital Document Solutions Limited.

The company's subsidiaries at 31 March 2020 are listed below. All subsidiaries are 100% directly owned, dormant and Ordinary shares are held.

Name of undertaking and country of incoporoation or residency

Capital Copiers (Edinburgh) Limited	Scotland
Capital Solutions Employee Benefit Trustees Limited	Scotland
Highland Office Equipment Limited	Scotland
Highland Office Limited	Scotland
HOE Limited	Scotland
West End Business Systems Limited	Scotland

The registered office for all subsidiaries is 101 Mcdonald Road, Edinburgh, EH7 4NW.

14 Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,414,781	2,700,825
Equity instruments measured at cost less impairment	200	200
Carrying amount of financial liabilities		
Measured at amortised cost	1,268,196	2,292,836

15 Stocks

	2020	2019
	£	£
Raw materials and consumables	778,632	963,899
Work in progress	51,439	49,776
Finished goods and goods for resale	469,037	578,735
	1,299,108	1,592,410

Stock is stated net of a provision for impairment of £69,983 (2019: £49,013).

16 Debtors

Amounts falling due within one year:	2020 £	2019 £
Trade debtors	2,414,781	2,700,825
Prepayments and accrued income	754,926	816,710
	3,169,707	3,517,535

Trade debtors are stated after a provision for impairment of £120,000 (2019: £39,817).

17 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,267,996	2,292,636
Amounts owed to group undertakings	200	200
Corporation tax	137,462	167,438
Other taxation and social security	790,217	789,637
Accruals and deferred income	1,685,531	1,342,183
	3,881,406	4,592,094

18 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	19	141,234	149,820

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2020 £	Liabilities 2019 £
Accelerated capital allowances	141,234	149,820

19 Deferred taxation (Continued)

Movements in the year:	2020 £
Liability at 1 April 2019	149,820
Credit to profit or loss	(8,586)
Liability at 31 March 2020	141,234

20 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	464,700	428,282

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At year end, the defined contribution pension liability was £16,686 (2019: £13,661).

21 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 £	2019 £
Outstanding at 1 April 2019	-	1,688	-	12.25
Exercised	-	(809)	-	12.25
Expired	-	(879)	-	-
Outstanding at 31 March 2020	-	-	-	-

In 2015, 410 options over Z-shares were granted at an exercise price of £0.10 per share. 10 share options were forfeited in the current year, (2019: 15 share options), leaving 355 Z-shares as at 31 March 2020. Z-shares hold no distribution rights and return on capital is subject to a future company valuation.

22 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
63,119 Ordinary shares of £1 each	63,119	63,119
105,600 A Ordinary shares of £1 each	105,600	105,600
	168,719	168,719

Ordinary shares and A Ordinary shares rank pari passu in all respects. The holders are entitled to one vote per share at meetings of the company and are entitled to receive dividends as declared and, with the exception of EBT shares. EBT shares are not entitled to a dividend.

23 Reserves

Share premium
This represents any premiums received on issue of share capital. Any transaction costs associated with the issue of shares are deducted from share premium.

Capital redemption reserve
The capital redemption reserve was created on the buy-back of shares by the Company and represents the nominal value of these shares.

Own shares
The own share reserve represents the value of shares purchased by the employee benefit trust.

Called up share capital
This represents the nominal value of shares that have been issued.

Retained earnings
Includes all current and prior period retained profits and losses.

24 Operating lease commitments

Lessee

The company has entered into operating lease agreements, both for premises and vehicle usage.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	431,244	441,689
Between two and five years	658,553	357,213
	1,089,797	798,902

In the year to 31 March 2020, the company recognised £441,689 (2019: £579,067) in lease payments through the statement of comprehensive income.

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020	2019
	£	£
Aggregate compensation	889,171	926,498

Other transactions with related parties

The company leases three properties on an arms length from a director and his family, who received rent of £304,752 (2019: £277,152) during the year. No amounts were owed at the year end.

26 Ultimate controlling party

The ultimate controlling party is Tom Flockhart, director.

27 Cash generated from operations

	2020	2019
	£	£
Profit for the year after tax	873,911	320,700
Adjustments for:		
Taxation charged	250,237	283,961
Investment income	(13,010)	(7,075)
Gain on disposal of tangible fixed assets	(1,100)	(9,807)
Amortisation and impairment of intangible assets	158,747	931,769
Depreciation and impairment of tangible fixed assets	166,664	365,644
Movements in working capital:		
Decrease/(increase) in stocks	293,302	(575,650)
Decrease in debtors	347,828	896,307
(Decrease) in creditors	(680,712)	(43,014)
Cash generated from operations	1,395,867	2,162,835

28 Analysis of changes in net funds

	1 April 2019	Cash flows	31 March 2020
	£	£	£
Cash at bank and in hand	3,726,513	481,616	4,208,129