

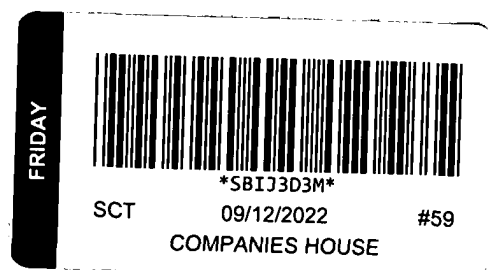
Company Registration No. SC080982 (Scotland)

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CAPITAL DOCUMENT SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



CAPITAL DOCUMENT SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	Gordon Affleck	
	Andrew Aikman	
	Simon Davey	(Appointed 30 September 2022)
	Paul Dawson	(Appointed 30 September 2022)
	Pam Flockhart	(Appointed 20 June 2022)
	Philip Jan	(Appointed 30 September 2022)
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 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

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

The company invests in its people, products, premises and processes and this combined with our belief in and commitment to "old fashioned principles" and customer focused service values, continues to produce benefits demonstrated by a high level of client and staff retention and a base of over 12,000 machines in the field (MIF).

It continues to develop its long established operations across Scotland through its offices in Edinburgh, Glasgow, Aberdeen and Inverness and its service operations in Dundee, Shetland and the Western Isles.

As with almost all businesses, the operating environment remained challenging throughout the year and continued to be affected by Covid restrictions and the UK government's work from home guidance, particularly following the onset of the OMICRON variant of Covid-19. However, the company is pleased to report revenues of £14.5m, an increase of 30.3% on the prior year. This was a result of organic growth from improved trading and recovery from the impact of the Covid-19 pandemic compared with the prior year.

The company has sufficient resources from historical trading and a strong Balance Sheet, which has enabled it to cope with the impact of the Covid-19 pandemic. Over the last few years it has also focussed on having no borrowings or overdraft and fully owns its regional branch offices with no loans.

Although there has been an upturn in business as the lockdown restrictions have been eased, the directors are aware that there is going to be a longer-term effect on our market and a change in working practices for some businesses with hybrid working. To help offset this effect, reductions in the company's cost base have been made over the last two years.

The company also took action to further increase its recycling of parts and consumables as well as the full refurbishment and sale of high quality approved used MFD's, all of which resulted in an increased gross margin.

As a result of these focused efforts on recycling, reuse and refurbishment, and the company's commitment to the circular economy and Scotland's 'zero waste initiatives' the company was also recognised as an environmental leader by receiving the Vibes 2020 Scottish environment business award

The company's underlying fundamentals - strong cash reserves, strength of its Balance Sheet, its large and loyal customer base and high reputation - ensure that the company continues to be a leading supplier in Scotland.

Turnover for the year to March 2022 was £14.5m with an operating profit of £0.5m.

Post year end, on 30th September 2022 – and after two years of discussions - the company was acquired by the Agilico Group. The culture, standards and ethics of both organisations and the complementary overlap in products and services created the right fit for staff, customers and key suppliers as the enlarged company continues to grow and develop in Scotland. Discussions began in September 2020 between the company's founder and Managing Director, Tom Flockhart and the Chief Executive of the Agilico Group, Simon Davey but sadly, before the acquisition was completed, Tom Flockhart passed away in April '22 after a short illness. The other directors brought the discussions to a successful conclusion and the new expanded Agilico Group is now the largest independent Managed Print Services provider in the UK with 475 staff operating from 13 offices across the country.

CAPITAL DOCUMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

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

- Competition – the company operates in a highly competitive market. The combination of our well earned reputation for and expertise in providing copy / print and ECM solutions along with our strong supplier relationships has improved our competitive edge. It continues to invest in training and developing the skills and expertise of its employees. This will ensure continuing improvement in performance and its high staff retention. The company operates in three main sectors across all of its branches: Corporate, Commercial (SME's) and Public / Third Sector. It therefore has a large diverse client base and MIF and 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, it will continue to ensure that it is in a strong position to supply and service its 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 (approx. 80%) 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.
- Consumables, parts availability and prices: the company monitors these on a regular basis and negotiates competitive supply contracts with its key suppliers. Supply issues have been experienced as a result of the global semiconductor chip shortage and it has been working closely with its suppliers to minimise the impact.
- Environmental risks: the company continues to place considerable emphasis on environmental compliance in all of its 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. We are now also working on achieving net zero accreditation for carbon reduction.
- Disruption / disaster: business continuity planning is reviewed regularly, and the necessary new infrastructure has been implemented by moving our operating system to the cloud.
- 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 users, company wide. The management system was accredited to ISO270001 in May 2017 and was successfully reaudited by BSI in February 2022.

CAPITAL DOCUMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Key areas of future 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/ Third 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 the company's investment and efforts in marketing activity is monitored closely, as are the responses.
- **Capital Investment:** the company takes great pride in its facilities in each of our regional branches 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. It is currently in the process of moving its core operating system to Vantage Online / Asolvi which is a recognised print industry solution. This new core operating system will link with SAGE for the finance element. The target date for completion of this move is the 31st March 2023.
- **Health and Safety:** the company adheres to HSG65 guidelines and is working towards maintaining ISO45001 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 and in August '22, the company was reappointed on the new, renamed Framework Agreement for the Provision of Managed Print Solutions (Ref: SP-21-046) which covers the next 2 years with a further two optional annual extensions.
- The Procurement framework continues to provide significant business opportunities for the company.
- Although there were 7 approved suppliers listed on the Framework agreement which ended in July '22, over the course of the agreement the company has been successful in winning 30% of the Public Sector contracts awarded.
- Key financial performance indicators include the monitoring of Turnover (up from £11.1m to £14.5m), EBITDA (up from £0.1m to £0.7m), machines in the field and the management of working capital, including stock and cash (up to £5.3m from £4.5m).

On behalf of the board

Gordon Affleck

.....
Gordon Affleck

Director

09 / 12 / 2022

Date:

CAPITAL DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

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.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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	(Deceased 24 April 2022)
Gordon Affleck	
Andrew Aikman	
Richard Smith	(Resigned 30 September 2022)
William Shields Henderson	(Resigned 30 September 2021)
John Campbell	(Resigned 30 September 2022)
Mark Harvie	(Resigned 30 September 2022)
Ronald Melvin	(Resigned 30 September 2022)
Simon Davey	(Appointed 30 September 2022)
Paul Dawson	(Appointed 30 September 2022)
Pam Flockhart	(Appointed 20 June 2022)
Philip Jan	(Appointed 30 September 2022)

Auditor

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

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

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Gordon Affleck

Director

09 / 12 / 2022

Date:

CAPITAL DOCUMENT SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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;
- 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.

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 2022 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 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 2022 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

CAPITAL DOCUMENT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED

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 Directors' Responsibilities Statement set out on page 5, 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 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.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation
- General Data Protection Regulation

CAPITAL DOCUMENT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and board minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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

9/12/2022

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

Date:

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 2022

		2022 £	2021 £
Turnover	3	14,549,853	11,165,348
Cost of sales		(5,672,181)	(4,407,717)
Gross profit		8,877,672	6,757,631
Distribution costs		(443,145)	(399,838)
Administrative expenses		(7,926,477)	(7,683,961)
Depreciation and amortisation		(169,136)	(317,328)
Other operating income	3	195,282	1,473,538
Exceptional item	4	-	(353,867)
Operating profit/(loss)	5	534,196	(523,825)
Interest receivable and similar income	3	657	6,293
Profit/(loss) before taxation		534,853	(517,532)
Tax on profit/(loss)	9	(139,828)	102,249
Profit/(loss) for the financial year		395,025	(415,283)

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 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	10		-		39,686
Tangible assets	11		2,283,052		2,361,514
Investments	12		200		200
			<u>2,283,252</u>		<u>2,401,400</u>
Current assets					
Stocks	14	751,392		724,265	
Debtors	15	2,670,642		1,608,806	
Cash at bank and in hand		5,314,146		4,470,754	
		<u>8,736,180</u>		<u>6,803,825</u>	
Creditors: amounts falling due within one year	16	(3,597,619)		(2,201,924)	
Net current assets			<u>5,138,561</u>		<u>4,601,901</u>
Total assets less current liabilities			<u>7,421,813</u>		<u>7,003,301</u>
Provisions for liabilities					
Deferred tax liability	17	124,767		101,280	
		<u>124,767</u>	<u>(124,767)</u>	<u>101,280</u>	<u>(101,280)</u>
Net assets			<u><u>7,297,046</u></u>		<u><u>6,902,021</u></u>
Capital and reserves					
Called up share capital	19		168,719		168,719
Share premium account	20		88,292		88,292
Capital redemption reserve	20		33,354		33,354
Own shares	20		(182,491)		(182,491)
Profit and loss reserves	20		7,189,172		6,794,147
Total equity			<u><u>7,297,046</u></u>		<u><u>6,902,021</u></u>

09 / 12 / 2022

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

Gordon Affleck

Gordon Affleck
Director

Company Registration No. SC080982

CAPITAL DOCUMENT SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Share premium account	Capital redemption reserve	Own shares	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Balance at 1 April 2020	168,719	88,292	33,354	(245,786)	7,312,330	7,356,909
Period ended 31 March 2021:						
Loss and total comprehensive income for the year	-	-	-	-	(415,283)	(415,283)
Purchase of shares	-	-	-	(39,605)	-	(39,605)
Gain recognised in EBT	-	-	-	102,900	(102,900)	-
Balance at 31 March 2021	168,719	88,292	33,354	(182,491)	6,794,147	6,902,021
Period ended 31 March 2022:						
Profit and total comprehensive income for the year	-	-	-	-	395,025	395,025
Balance at 31 March 2022	168,719	88,292	33,354	(182,491)	7,189,172	7,297,046

CAPITAL DOCUMENT SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	25	883,867		397,082	
Income taxes refunded/(paid)		9,856		(85,023)	
Net cash inflow from operating activities		<u>893,723</u>		<u>312,059</u>	
Investing activities					
Purchase of tangible fixed assets		(54,353)		(16,122)	
Proceeds on disposal of tangible fixed assets		3,365		-	
Interest received		657		6,293	
Net cash used in investing activities		<u>(50,331)</u>		<u>(9,829)</u>	
Financing activities					
Purchase of own shares		-		(39,605)	
Net cash used in financing activities		<u>-</u>		<u>(39,605)</u>	
Net increase in cash and cash equivalents		<u>843,392</u>		<u>262,625</u>	
Cash and cash equivalents at beginning of year		4,470,754		4,208,129	
Cash and cash equivalents at end of year		<u><u>5,314,146</u></u>		<u><u>4,470,754</u></u>	

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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)
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CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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.

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.

The company does not account for toner stock in the field and therefore all toner usage is treated as cost of sale.

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.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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.

Derecognition of financial liabilities

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

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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.

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.

1.15 Government grants

Grants received through the government furlough scheme are recognised in the Statement of Comprehensive Income, within other operating income, in the same period as the payroll costs.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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, all of which qualify for exemption from consolidation under section 405 of the Companies Act 2006. The company has therefore taken exemption from the requirements to prepare consolidated financial statements under Section 402 of the Companies Act 2006.

1.19 Exceptional items

Exceptional items comprise of one-off costs that the directors consider as material to the profit and loss account and that their separate disclosure is necessary for an appropriate understanding of the company's performance.

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.

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.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue

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

	2022 £	2021 £
Turnover analysed by class of business		
Sales of goods	7,142,660	5,116,890
Rendering of services	7,407,193	6,048,458
	<u>14,549,853</u>	<u>11,165,348</u>

	2022 £	2021 £
Other significant revenue		
Interest income	657	6,293
Coronavirus job retention scheme	195,282	1,473,538
	<u></u>	<u></u>

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	<u>14,549,853</u>	<u>11,165,348</u>

4 Exceptional item

	2022 £	2021 £
Restructuring costs	-	353,867
	<u></u>	<u></u>

The company undertook some business restructuring projects during the prior year in light of the COVID-19 pandemic, the costs to the company of this restructuring are included as exceptional due to their material size and non-recurring nature.

5 Operating profit/(loss)

	2022 £	2021 £
Operating profit/(loss) for the year is stated after charging:		
Depreciation of owned tangible fixed assets	129,450	158,581
Amortisation of intangible assets	39,686	158,747
	<u></u>	<u></u>

6 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	<u>24,000</u>	<u>21,500</u>

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

7 Employees

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

	2022 Average Number	2021 Average Number
Administration	37	44
Maintenance	77	86
Sales and distribution	40	44
Total	154	174

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	5,533,939	5,393,019
Social security costs	595,448	607,589
Pension costs	420,315	409,753
	6,549,702	6,410,361

The actual number of employees at the end of March 2022 was 155 (2021: 154).

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	783,071	695,295
Company pension contributions to defined contribution schemes	38,647	39,093
	821,718	734,388

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2021 - 5).

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

Remuneration for qualifying services	230,901	178,323
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During the year, pension contributions in respect of the highest paid director were £nil (2021: £nil).

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	116,050	-
Adjustments in respect of prior periods	291	(62,295)
Total current tax	116,341	(62,295)
Deferred tax		
Origination and reversal of timing differences	23,487	(39,954)
Total tax charge/(credit)	139,828	(102,249)

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

	2022 £	2021 £
Profit/(loss) before taxation	534,853	(517,532)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	101,622	(98,331)
Tax effect of expenses that are not deductible in determining taxable profit	975	444
Tax effect of income not taxable in determining taxable profit	-	(61)
Adjustments in respect of prior years	291	(62,295)
Effect of change in corporation tax rate	29,943	-
Other permanent differences	-	(16,391)
Tax adjustment on disallowed amortisation	6,997	12,090
Losses carried back	-	62,295
Taxation for the year	139,828	(102,249)

The UK Government announced in its 2021 budget on 3 March 2021 that there is a planned increase in the rate of Corporation Tax from 19% to 25% with effect from 1 April 2023.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

10 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 April 2021 and 31 March 2022	1,830,313	906,518	2,736,831
Amortisation and impairment			
At 1 April 2021	1,830,313	866,832	2,697,145
Amortisation charged for the year	-	39,686	39,686
At 31 March 2022	1,830,313	906,518	2,736,831
Carrying amount			
At 31 March 2022	-	-	-
At 31 March 2021	-	39,686	39,686

11 Tangible fixed assets

	Land and buildings freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2021	3,100,836	2,416,812	140,016	5,657,664
Additions	-	26,702	27,651	54,353
Disposals	-	(17,320)	(34,269)	(51,589)
At 31 March 2022	3,100,836	2,426,194	133,398	5,660,428
Depreciation and impairment				
At 1 April 2021	910,801	2,259,429	125,920	3,296,150
Depreciation charged in the year	58,871	52,799	17,780	129,450
Eliminated in respect of disposals	-	(13,955)	(34,269)	(48,224)
At 31 March 2022	969,672	2,298,273	109,431	3,377,376
Carrying amount				
At 31 March 2022	2,131,164	127,921	23,967	2,283,052
At 31 March 2021	2,190,035	157,383	14,096	2,361,514

Included in equipment are assets with a net book value of £nil (2021: £3,960) rented out under operating leases. Depreciation of £704 (2021: £965) was charged in the year.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

12 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	13	200	200

13 Subsidiaries

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

The company's subsidiaries at 31 March 2022 are listed below. All subsidiaries are 100% directly owned, dormant and Ordinary shares are held.

Name of undertaking and country of incorporation 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 Stocks

	2022 £	2021 £
Raw materials and consumables	463,956	369,717
Work in progress	30,744	55,638
Finished goods and goods for resale	256,692	298,910
	<u>751,392</u>	<u>724,265</u>

Stock is stated net of a provision for impairment of £70,026 (2021: £75,041).

15 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,980,057	1,153,699
Corporation tax recoverable	-	9,856
Prepayments and accrued income	690,585	445,251
	<u>2,670,642</u>	<u>1,608,806</u>

Trade debtors are stated after a provision for impairment of £50,000 (2021: £50,000).

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

16 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	977,089	502,395
Amounts owed to group undertakings	200	200
Corporation tax	116,341	-
Other taxation and social security	777,339	411,202
Accruals and deferred income	1,726,650	1,288,127
	<u>3,597,619</u>	<u>2,201,924</u>

17 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:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	<u>124,767</u>	<u>101,280</u>
Movements in the year:		2022 £
Liability at 1 April 2021		101,280
Charge to profit or loss		23,487
Liability at 31 March 2022		<u>124,767</u>

18 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>420,315</u>	<u>409,753</u>

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 £15,156 (2021: £13,361).

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

19 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	63,119	63,119	63,119	63,119
A Ordinary shares of £1 each	105,600	105,600	105,600	105,600
	<u>168,719</u>	<u>168,719</u>	<u>168,719</u>	<u>168,719</u>

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.

20 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.

Profit and loss reserves

Includes all current and prior period retained profits and losses.

21 Operating lease commitments

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:

	2022	2021
	£	£
Within one year	398,293	401,562
Between two and five years	356,121	748,924
	<u>754,414</u>	<u>1,150,486</u>

In the year to 31 March 2022, the company recognised £394,639 (2021: £443,431) in lease payments through the statement of comprehensive income.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

22 Events after the reporting date

On 30th September 2022, The Agilico Group Limited acquired the entire issued share capital of Capital Document Solutions Limited and its subsidiary undertakings. As highlighted in the strategic report, discussions began in September 2020 between the company's founder and Managing Director, Tom Flockhart and the Chief Executive of the Agilico Group, Simon Davey but sadly, before the acquisition was completed, Tom Flockhart passed away in April '22 after a short illness. The other directors brought the discussions to a successful conclusion and the new expanded Agilico Group is now the largest independent Managed Print Services provider in the UK with 475 staff operating from 13 offices across the country.

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	830,287	775,332

Other information

Other transactions with related parties

The company leases three properties from a director and his family, who received rent of £248,400 (2021: £248,400) during the year. No amounts were owed at the year end.

24 Ultimate controlling party

The ultimate controlling company and parent company changed to Agilico Group Limited on the 30th September 2022. This was following the purchase of Capital Document Solutions Limited by Agilico Bidco Limited, which is a subsidiary of Agilico Group Limited.

25 Cash generated from operations

	2022 £	2021 £
Profit/(loss) for the year after tax	395,025	(415,283)
Adjustments for:		
Taxation charged/(credited)	139,828	(102,249)
Investment income	(657)	(6,293)
Amortisation and impairment of intangible assets	39,686	158,747
Depreciation and impairment of tangible fixed assets	129,450	158,581
Movements in working capital:		
(Increase)/decrease in stocks	(27,127)	574,843
(Increase)/decrease in debtors	(1,071,692)	1,570,757
Increase/(decrease) in creditors	1,279,354	(1,542,021)
Cash generated from operations	883,867	397,082

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

26 Analysis of changes in net funds

	1 April 2021 £	Cash flows £	31 March 2022 £
Cash at bank and in hand	4,470,754	843,392	5,314,146