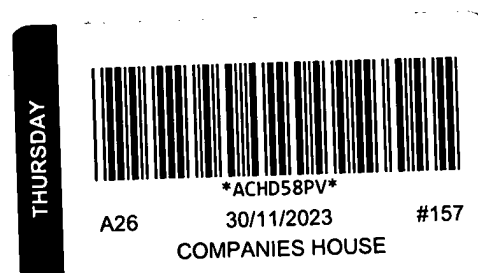

CAPITAL DOCUMENT SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



CAPITAL DOCUMENT SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	A R Aikman S A Davey P W Dawson P Flockhart P Jan
Registered number	SC080982
Registered office	101 McDonald Road Edinburgh EH7 4NW
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

CAPITAL DOCUMENT SOLUTIONS LIMITED

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CAPITAL DOCUMENT SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their Strategic Report for Capital Document Solutions Limited ("CDS", or the "Company") for the year ended 31 March 2023.

Background and principal activities

The principal activity of the Company continues to be Managed Print Services ("MPS"), being the sale, support, and maintenance of digital multi-functional devices ("MFDs") and printers as well as providing print/document management solutions within the corporate, commercial (SMEs) and public/third sector markets across Scotland. CDS continues to develop its long established operations through its offices in Edinburgh, Glasgow, Aberdeen and Inverness and its service operations in Dundee, Shetland, and the Western Isles. The Company values its long-standing relationships with its customers and prides itself on being an approved supplier for its products and services under the Scottish National Procurement Framework.

The Company is a subsidiary within a group of companies headed by Agilico Group Limited (hereafter referred to as the "Agilico Group" or the "Group").

Business review and key performance indicators

The directors are pleased to report another solid performance of the business, which saw continued recovery from the effects of the Covid-19 pandemic. Turnover increased 7.5% to £14.8m, from £13.3m in the prior year. Operating profit improved significantly to £1.2m (from £0.2m in the prior year) driven by turnover growth, increased gross margins through a continued focus in the recycling of parts as well as the full refurbishment and sale of high quality approved used MFDs, and good cost discipline despite inflationary pressures.

Although some economic headwinds remain, the Company operates within a more stable outlook than in the last two financial years given the removal of economic uncertainties resulting from the Covid-19 pandemic. The directors therefore remain confident of another robust performance in the coming year.

A review of the results for the Group of which the Company is a part, and the Key Performance Indicators, can be found in the Annual Report and Financial Statements of Agilico Group Limited.

Principal risks and uncertainties

Economic risk

The Company operates predominantly in Scotland and has a diversified customer base across the corporate, commercial (SMEs) and public sectors. Economic risk therefore relates to performance of the underlying UK economy, which continued to improve during the year as customers returned to the workplace and office activity increased.

Liquidity risk

At 31 March 2023 the Company had cash balances of £2.0m and net assets of £10.0m. In addition to its own cash balances, the Company is able to draw on the support of the Group, with liquidity managed at the Group level. Liquidity risk continues to be managed through weekly monitoring of cash balances, weekly cash flow forecasting and working capital management.

Credit risk

The principal credit risk lies with trade debtors. The Company has a large, diversified customer base and manages credit risk through the implementation of robust credit control policies. Such measures include third party credit referencing of new customers, setting of customer credit limits, credit stop/hold policies and regular monitoring of overdue amounts.

CAPITAL DOCUMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Supplier risk

The Company's principal suppliers in the year were Ricoh and Konica Minolta. All suppliers faced challenges during the year, but the business was able to work with its stakeholders to ensure customer service levels were maintained at a very high level.

This report was approved by the board and signed on its behalf.



P Jan
Director

Date: 23/11/2023

CAPITAL DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Principal activity

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 profit for the year, after taxation, amounted to £1,474,499 (2022 - £133,245).

No dividends have been paid or proposed in the year (2022 - £Nil).

Directors

The directors who served during the year were:

G K Affleck (resigned 30 September 2022)
A R Aikman
S A Davey (appointed 30 September 2022)
P W Dawson (appointed 30 September 2022)
P Flockhart (appointed 20 June 2022)
P Jan (appointed 30 September 2022)
J Campbell (resigned 30 September 2022)
T Flockhart (deceased 24 April 2022)
M Harvie (resigned 30 September 2022)
R Melvin (resigned 30 September 2022)
R Smith (resigned 30 September 2022)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, CLA Evelyn Partners Limited was appointed during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

CAPITAL DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

This report was approved by the board and signed on its behalf.



P Jan
Director

Date: 23/11/2023

CAPITAL DOCUMENT SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the 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 FRS 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 2023 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

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.

CAPITAL DOCUMENT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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 the 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 the 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 or 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.

CAPITAL DOCUMENT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED (CONTINUED)

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.

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:

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. The Company must abide by the Companies Act 2006 and FRS102 in respect of the preparation and presentation of the financial statements. Aside from this, we did not identify any specific laws and regulations as being of significance in the context of the Company.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- We enquired with the Company's management as to the existence of litigation and no material items were identified;
- We have reviewed legal correspondence throughout the year, and nothing has come to light in respect of non-compliance; and
- We obtained written management representations regarding disclosure of any non-compliance with laws and regulations.

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

We also considered performance targets and their influence on efforts made by management to meet external pressures in reporting the financial results or for personal interest of the directors.

Audit procedures performed by the engagement team on the areas where fraud might occur included:

- Testing of the recognition and recoverability of year-end trade debtors and accrued income;
- Testing journal entries, selected based on specific risk assessments applied based on client processes and controls surrounding manual journals; and
- Testing the occurrence of revenue, specifically around the balance sheet date.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

CAPITAL DOCUMENT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL DOCUMENT SOLUTIONS LIMITED
(CONTINUED)

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.

CLA Evelyn Partners Limited
CLA Evelyn Partners Limited (Nov 23, 2023 17:30 GMT)

Nicholas Jacques (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG

Date: 23/11/2023

CAPITAL DOCUMENT SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	<i>As restated</i> 2022 £
Turnover	4	14,802,889	13,337,237
Cost of sales		(4,521,413)	(4,782,750)
Gross profit		10,281,476	8,554,487
Distribution costs		(515,805)	(443,145)
Administrative expenses		(8,449,514)	(7,926,477)
Other operating income	5	-	195,282
Depreciation and amortisation		(90,452)	(169,136)
Operating profit		1,225,705	211,011
Interest receivable and similar income	9	324,657	657
Profit before tax		1,550,362	211,668
Tax on profit	10	(75,863)	(78,423)
Profit for the financial year		1,474,499	133,245

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 14 to 32 form part of these financial statements.

CAPITAL DOCUMENT SOLUTIONS LIMITED
REGISTERED NUMBER: SC080982

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Tangible assets	12	137,399	2,283,052
Investments	13	200	200
		<u>137,599</u>	<u>2,283,252</u>
Current assets			
Stocks	14	2,173,335	1,919,628
Debtors: amounts falling due within one year	15	9,486,186	2,670,642
Cash at bank and in hand		1,971,895	5,314,146
		<u>13,631,416</u>	<u>9,904,416</u>
Creditors: amounts falling due within one year	16	(3,764,826)	(3,819,584)
Net current assets		<u>9,866,590</u>	<u>6,084,832</u>
Total assets less current liabilities		<u>10,004,189</u>	<u>8,368,084</u>
Provisions for liabilities			
Deferred tax	17	-	(124,767)
Net assets		<u><u>10,004,189</u></u>	<u><u>8,243,317</u></u>
Capital and reserves			
Called up share capital	18	168,719	168,719
Share premium account	19	88,292	88,292
Capital redemption reserve	19	33,354	33,354
Own shares	19	-	(182,491)
Profit and loss account	19	9,713,824	8,135,443
Shareholders' funds		<u><u>10,004,189</u></u>	<u><u>8,243,317</u></u>

CAPITAL DOCUMENT SOLUTIONS LIMITED
REGISTERED NUMBER:SC080982

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

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



P Jan
Director

Date: 23/11/2023

The notes on pages 14 to 32 form part of these financial statements.

CAPITAL DOCUMENT SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £	Share premium account £	Capital redemption reserve £	Own shares £	Profit and loss account £	Total equity £
At 1 April 2021 (as previously stated)	168,719	88,292	33,354	(182,491)	6,794,147	6,902,021
Prior year adjustment	-	-	-	-	1,208,051	1,208,051
At 1 April 2021 (as restated)	168,719	88,292	33,354	(182,491)	8,002,198	8,110,072
Comprehensive income for the year						
Profit for the year (as restated)	-	-	-	-	133,245	133,245
At 1 April 2022 (as previously stated)	168,719	88,292	33,354	(182,491)	7,189,172	7,297,046
Prior year adjustment - correction of error	-	-	-	-	946,271	946,271
At 1 April 2022 (as restated)	168,719	88,292	33,354	(182,491)	8,135,443	8,243,317
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,474,499	1,474,499
Contributions by and distributions to owners						
Own shares movement	-	-	-	182,491	103,882	286,373
At 31 March 2023	168,719	88,292	33,354	-	9,713,824	10,004,189

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Capital Document Solutions Limited is a private company, limited by shares, domiciled and incorporated in Scotland (registered number: SC080982). The registered office address is 101 McDonald Road, Edinburgh, EH7 4NW.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Agilico Group Limited as at 31 March 2023 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements as all of its subsidiaries are required to be excluded from consolidation by section 402 of the Companies Act 2006.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Going concern

The Company is a subsidiary of and part of a group of companies headed by Agilico Group Limited.

The Company meets its day to day working capital requirements through its own cash balances and from funding from the Group. The Company has received written confirmation from Agilico Group Limited that it will continue to provide financial support, for a period of at least twelve months from the date of signing these financial statements.

In carrying out their duties in respect of going concern, the directors have reviewed the Group's forecast cash flows, liquidity and borrowing facilities and related covenant requirements and the expected operational activities of the Group. Forecasts have been prepared by management which included sensitivity analysis to consider the impact of principal risks and uncertainties brought about by current macroeconomic conditions, in particular with respect to the continued recovery of the business post the Covid-19 pandemic and interest rate rises.

The sensitised forecasts demonstrate that the Group is expected to have sufficient cash reserves and available headroom under its borrowing facilities (including a £5m RCF which is currently undrawn) and is forecast to remain in compliance with its financial covenants for a period of at least twelve months from the date of signing these financial statements.

As such the directors believe that the Company will have adequate resources to continue to operate for the foreseeable future. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	12.5% per annum (straight-line)
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CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings freehold	- 2%
Motor vehicles	- 25%
Fixtures, fittings & equipment	- 20%-33.33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Included within stock is stock in field. This represents consumable items (in which the Company retains title and subject to maintenance agreements) which are held at client sites which produce service revenue in future months from the customer. The value of this is based upon a combination of past experience and current assessments of how much stock is kept within and beside each machine in the field.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Investments in listed shares are classified as basic financial instruments. They are initially measured at transaction price and subsequently measured at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. Fair value is determined using the quoted bid price at the balance sheet date.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.13 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.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.14 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.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. Judgements in applying accounting policies 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 judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Company are outlined below.

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.

Stock in the field

It is generally accepted practice in our market to provide consumable stock (in which the Company retains title) which produces service revenue in future months from the customer. A calculation of the value of this stock in the field is based upon reasonable statistical estimates of the quantity of those consumable stocks held by customers at the period end, valued in accordance with the accounting policy as stated in note 2. The stock in field is included in note 14.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023	as restated 2022
	£	£
Sales of goods	6,748,452	5,930,044
Rendering of services	8,054,437	7,407,193
	<u>14,802,889</u>	<u>13,337,237</u>

All turnover arose within the United Kingdom.

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NOTES TO THE FINANCIAL STATEMENTS
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5. Other operating income

	2023 £	2022 £
Furlough income	-	195,282

6. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Operating lease rentals	573,462	394,639
Auditor's remuneration	43,000	24,000

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	5,416,023	5,533,939
Social security costs	637,798	595,448
Cost of defined contribution scheme	437,425	420,315
	<u>6,491,246</u>	<u>6,549,702</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Administration	37	37
Maintenance	77	77
Sales and distribution	37	40
	<u>151</u>	<u>154</u>

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8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	486,629	783,071
Company contributions to defined contribution pension schemes	25,723	38,647
	<u>512,352</u>	<u>821,718</u>

During the year retirement benefits were accruing to 6 directors (2022 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £169,549 (2022 - £230,901).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2022 - £Nil).

Directors' emoluments disclosed are only for those directors employed by the Company and do not include emoluments for those directors who are employed by other group companies.

9. Interest receivable

	2023 £	2022 £
Interest receivable from group companies	316,000	-
Interest income	8,657	657
	<u>324,657</u>	<u>657</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. Taxation

	2023 £	As restated 2022 £
Corporation tax		
Current tax on profits for the year	208,283	54,645
Adjustments in respect of previous periods	-	291
Total current tax	208,283	54,936
Deferred tax		
Origination and reversal of timing differences	(93,047)	23,487
Adjustments to deferred tax in respect of previous periods	(9,990)	-
Effect of changes in tax rates	(29,383)	-
Total deferred tax	(132,420)	23,487
Taxation on profit on ordinary activities	75,863	78,423

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	as restated 2022 £
Profit on ordinary activities before tax	1,550,362	211,668
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	294,569	40,217
Effects of:		
Expenses not deductible for tax purposes	(302,698)	975
Adjustments to tax charge in respect of prior periods	(9,990)	291
Tax rate changes	(29,383)	29,943
Tax adjustment on disallowed amortisation	-	6,997
Deferred tax not provided	176,848	-
Super deductions	(2,652)	-
Share options	(50,831)	-
Total tax charge for the year	75,863	78,423

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11. Intangible assets

	Software £	Goodwill £	Total £
Cost			
At 1 April 2022	906,518	1,830,313	2,736,831
At 31 March 2023	906,518	1,830,313	2,736,831
Amortisation			
At 1 April 2022	906,518	1,830,313	2,736,831
At 31 March 2023	906,518	1,830,313	2,736,831
Net book value			
At 31 March 2023	-	-	-
At 31 March 2022	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Tangible fixed assets

	Land and buildings freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2022	3,100,836	2,426,194	133,398	5,660,428
Additions	-	46,526	-	46,526
Disposals	(3,100,836)	-	(25,236)	(3,126,072)
At 31 March 2023	-	2,472,720	108,162	2,580,882
Depreciation				
At 1 April 2022	969,672	2,298,273	109,431	3,377,376
Charge for the year	38,618	49,063	11,952	99,633
Disposals	(1,008,290)	-	(25,236)	(1,033,526)
At 31 March 2023	-	2,347,336	96,147	2,443,483
Net book value				
At 31 March 2023	-	125,384	12,015	137,399
At 31 March 2022	2,131,164	127,921	23,967	2,283,052

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2022	200
At 31 March 2023	<u>200</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Capital Copiers (Edinburgh) Limited	Scotland	Ordinary	100%
Capital Solutions Employee Benefit Trustees Limited	Scotland	Ordinary	100%
Highland Office Equipment Limited	Scotland	Ordinary	100%
Highland Office Limited	Scotland	Ordinary	100%
HOE Limited	Scotland	Ordinary	100%
West End Business Systems Limited	Scotland	Ordinary	100%

All subsidiaries are 100% directly owned and dormant.

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

14. Stocks

	2023 £	As restated 2022 £
Raw materials and consumables	472,634	507,396
Work in progress	-	8,873
Finished goods and goods for resale	1,700,701	1,403,359
	<u>2,173,335</u>	<u>1,919,628</u>

Included within goods for sale is £1,467,107 (2022 - £1,168,236) of stock in field.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. Debtors

	2023 £	2022 £
Trade debtors	1,853,487	1,980,057
Amounts owed by group undertakings	6,730,951	-
Prepayments and accrued income	894,095	690,585
Deferred taxation	7,653	-
	<u>9,486,186</u>	<u>2,670,642</u>

Trade debtors are stated after a provision for impairment of £50,000 (2022 - £50,000).

Amounts owed by group undertakings are unsecured, repayable on demand and attract an interest rate, where applicable, of 10% on the outstanding balance.

16. Creditors: Amounts falling due within one year

	2023 £	As restated 2022 £
Trade creditors	1,371,034	977,089
Amounts owed to group undertakings	200	200
Corporation tax	310,643	338,306
Other taxation and social security	512,915	777,339
Accruals and deferred income	1,570,034	1,726,650
	<u>3,764,826</u>	<u>3,819,584</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. Deferred taxation

	2023 £	2022 £
At beginning of year	124,767	101,280
(Credited)/charged to profit or loss	(132,420)	23,487
At end of year	<u>(7,653)</u>	<u>124,767</u>

The deferred taxation balance is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(4,258)	124,767
Tax losses carried forward	3,395	-
	<u>(7,653)</u>	<u>124,767</u>

Fixed asset timing differences are expected to reverse in line with each corresponding fixed asset class and the classes depreciation rates, as noted in the accounting policies.

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FOR THE YEAR ENDED 31 MARCH 2023

18. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
63,119 Ordinary shares of £1.00 each	63,119	63,119
105,600 A Ordinary shares of £1.00 each	105,600	105,600
	<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.

19. Reserves

Share premium account

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.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

CAPITAL DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

20. Prior year adjustment

Following the change of ownership during the year, the directors reviewed the existing accounting policies and made the following restatements:

Back to back

- £1,212,616 has been derecognised from both revenue and cost of sales for the year ending 31 March 2022 in relation to back to back bill and collect leasing arrangements, where the Company acts as an agent on behalf of the leasing company, with the contract held between the end customer and the leasing company. As such, the impact of the transactions of the financial statements should have been shown net instead of gross. The impact of the adjustments on the profit for the year is nil.

Stock in field

	2022 £	Increase £	2022 (restated) £	2021 £	Increase £	2021 (restated) £
Stocks	751,392	1,168,236	1,919,628	724,265	1,491,420	2,215,685
Creditors: amounts falling due within one year	(3,597,619)	(221,965)	(3,819,584)	(2,201,924)	(283,369)	(2,485,293)
Net current assets	5,138,561	946,271	6,084,832	4,601,901	1,208,051	5,809,952
Net assets	10,004,189	946,271	10,950,460	6,902,021	1,208,051	8,110,072
Profit and loss account	7,189,172	946,271	8,135,443	6,794,147	1,208,051	8,002,198
Total equity	7,297,046	946,271	8,243,317	6,902,021	1,208,051	8,110,072

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £437,425 (2022 - £420,315). Contributions totalling £17,037 (2022 - £15,156) were payable to the fund at the balance sheet date and are included in creditors.

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22. Commitments under operating leases

At 31 March the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	501,752	398,293
Later than 1 year and not later than 5 years	1,756,132	356,121
	<u>2,257,884</u>	<u>754,414</u>

23. Contingent liabilities

The Group has a senior loan facility agreement in place, which is secured by a debenture over the assets of the Group. The Company has entered into a cross-guarantee of the loan facility. The loan balances outstanding under the Group's loan facility at 31 March 2023 were £80.1m.

24. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

The Company leases six properties (2022 - *three properties*) which are indirectly owned by a director of the Company and her family. The rent paid by the Company on these properties was £346,900 (2022 - £248,400). No amounts were owed at the year end.

25. Controlling party

The immediate parent undertaking is Agilico Bidco Limited, a company registered in England & Wales.

The ultimate parent undertaking and ultimate controlling party is Horizon Capital LLP, a Limited Liability Partnership registered in England and Wales.

The largest and smallest group for which group accounts for the year ended 31 March 2023 have been drawn up, is that headed by Agilico Group Limited. Copies of the group accounts are available from Companies House.