Ricoh Capital Limited

Directors' Report and Financial Statements

Year ended 31 March 2013
Registered Number: 3001351

Contents

Company information

Registered office
20 Triton Street
London
NW1 3BF

Bankers
HSBC
60 Queen Victoria Street
London
EC4N 4TR

Auditors
KPMG LLP
15 Canada Square
London
E14 5GL

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2013

Results and dividends

The turnover for the financial year was £18 5m (2012 £15 5m) which generated profit for the financial year of £11 9m (2012 £9 9m)

No interim dividend (2012 £nil) was paid and there is no proposed final dividend for the year (2012 £nil)

Principal activities

The company operates as an in-house leasing company

Business review

The value of the lease portfolio decreased by 57% in the year to 31 March 2013 (increased by 10 2% in the year to 31 March 2012) Part of the lease portfolio was sold on the 22nd March 2013

The company's principal objective over the forthcoming year is to grow the value of the lease portfolio by working closely with the internal sales force to ensure that the company meets all of its customers' leasing requirements Credit facilities will continue to be reviewed to ensure that they remain competitive and that funding for these products continues to be available

There are three indicators that the business is continually measured against, interest cover, net worth and the debt to equity ratio As at 31 March 2013 the company was comfortably within any internal targets

Principal Risks and uncertainties

In the current financial environment obtaining secure funding at a competitive price presents a challenge and some risk to Ricoh Capital Limited Currently the company participates in the Group cash pooling arrangements and has a cash position of £13 1m (2012 overdraft position of £74 6m) In the past derivatives have been purchased on a quarterly basis to remove the exposure for existing business to changes in interest rates This practice has now stopped (see note 15) The directors will continue to review funding opportunities as they arise and actively seek new sources of finance In light of interest rate volatility the directors will continue to review the company's pricing structure to protect margins

Future Outlook

Due to the current economic climate the external commercial environment is expected to remain competitive in 2013/2014 and the uncertainty that surrounds interest rates looks likely to continue However, the value of the lease portfolio is planned to grow

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts

Directors of the company

The directors who held office during the year were as follows
I P Winham
D Kemmitt
N C Downing

Directors' report (continued)

Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing the re-appointment of KPMG LLP as the company's auditors will be placed before the forthcoming Annual General Meeting

By order of the Board

N C Downing
Company Secretary

3 October 2013

Registered Office
20 Triton Street,
London NW1 3BF

Registered in England
No 3001351

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper 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 its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditors' report to the members of Ricoh Capital Limited

We have audited the financial statements of Ricoh Capital Limited for the year ended 31 March 2013 set out on pages 5 to 12 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

John Edwards (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

3 October 2013

Profit and loss account for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Turnover		18,461	15,528
Gross profit		18,461	15,528
Administrative expenses		(2,717)	(1,481)
Operating profit		15,744	14,047
Interest receivable and similar income	3	1	3
Interest payable and similar charges	3	(169)	(1,782)
Profit on ordinary activities before taxation	4	15,576	12 268
Tax on profit on ordinary activities	7	(3,662)	(2,366)
Profit for the financial year	12	11,914	9,902

The profit for the financial year includes all recognised gains and losses for the years ended 31 March 2013 and 31 March 2012 therefore no separate statement of recognised gains and losses is presented

The operating result is all derived from continuing operations

The accompanying notes on pages 7 to 12 form part of the financial statements

Balance sheet as at 31 March 2013

	Note	2013 £'000	2012 £'000
Current assets			
Debtors			
- amounts falling due within one year	8	52,200	71,175
- amounts falling due after more than one year	8	44,481	102,738
Cash at bank and in hand		13,128	-
		109,809	173,913
Creditors : amounts falling due within one year	10	(47,654)	(123,672)
Net assets		62,155	50,241
Capital and reserves			
Called up share capital	11	39,963	39,963
Profit and loss account	12	22,192	10,278
Equity shareholders' funds	13	62,155	50,241

The accompanying notes on pages 7 to 12 form part of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue 3 October 2013 They were signed on its behalf by

I P Winham
Director

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards

Going concern

The company has adequate resources needed to continue in operational existence for the foreseeable future Accordingly the going concern basis in preparing the report and financial statements has been adopted On an annual basis the directors review the financial statements and assess the performance of the company and the financing structure of the entity

Turnover

Turnover, which is stated net of value added tax, represents gross earnings under finance leases Turnover arises from a single class of business with the origin and destination in the UK

Finance Leases

The fair value, net of provision, is recorded in the balance sheet as a finance lease receivable within debtors and rental income is apportioned between the reduction of this debtor and interest receivable to give a constant periodic rate of return on the net cash investment

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 'Deferred tax' Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted

Pensions and other post retirement benefits

The company participates in a pension scheme providing benefits based on defined contributions The assets of the scheme are held separately from those of the company The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Related party transactions

As all of the company's voting rights are controlled within the group headed by Ricoh Company, Ltd , the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related party disclosures' and has therefore not disclosed transactions with entities wholly owned by the group (or investees of the group qualifying as related parties) The consolidated financial statements of Ricoh Company, Ltd , within which this company is included, can be obtained from the address given in note 16

1 Accounting policies (continued)

Cash flow statement

Under Financial Reporting Standard 1 (revised) 'Cash flow statements', the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking, Ricoh Company, Ltd , includes the company and its cash flows in its own published consolidated financial statements

2 Segmental reporting

The company's activities consist solely of the leasing of office equipment

3 Net interest payable

	2013 £'000	2012 £'000
Interest payable and similar charges		
Amounts due to group undertakings	(57)	(1,284)
Interest payable on bank loans and overdrafts	(112)	(481)
Other interest payable	-	(17)
	(169)	(1,782)
Interest receivable and similar income		
Other interest receivable	1	3
Net interest payable	(168)	(1,779)

4 Profit on ordinary activities before taxation

	2013 £'000	2012 £'000
Stated after charging / (crediting)		
Services provided by the company's auditor:		
Audit of these financial statements	57	78
Fees payable for other services	15	6

5 Staff numbers and costs

	2013 £'000	2012 £'000
Wages and salaries	719	805
Social security costs	75	84
Pension - defined contribution (note 14)	19	21
	813	910

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2013 Number	2012 Number
Administration	25	24

6 Directors' emoluments

	2013	2012
	£'000	£'000
Emoluments	127	127
Pension costs - defined contribution	13	13
Directors' remuneration	140	140

	2013	2012
	Number	Number
Retirement benefits are accruing to the following number of directors under defined contribution schemes	1	1

7 Tax on profit on ordinary activities

	2013	2012
	£'000	£'000
United Kingdom corporation tax		
Corporation tax based on the profit for the year	3,915	6,155
Adjustments in respect of previous years	164	(1,355)
Total current tax charge	4,079	4,800
Deferred tax (note 9)		
Origination of timing differences	(655)	(2,965)
Adjustment in respect of change in tax rate	295	531
Adjustment in respect of prior years	(57)	-
Total deferred tax credit	(417)	(2,434)
Tax on profit on ordinary activities	3,662	2,366

Factors affecting the tax charge for the year	**2013**	**2012**
	£'000	£'000
The current tax charge for the year is higher (2012 higher) than the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below		
Profit on ordinary activities before tax	15,576	12,268
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	3,738	3,190
Effects of		
Timing differences	655	2,965
Permanent differences	(478)	-
Adjustments to tax charge in respect of previous years	164	(1,355)
Current tax charge for the year (see above)	4,079	4,800

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively This will reduce the company's future current tax charge accordingly The deferred tax liability at 31 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date

7 Tax on profit on ordinary activities (continued)

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement The effect of the rate change to 21 per cent would reduce the deferred tax asset by £591,000
Further reductions to the main rate are proposed to further reduce the rate of Corporation tax None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

8 Debtors

	March 2013 £'000	March 2012 £'000
Amounts falling due within one year		
Trade debtors	6,496	12,048
Finance lease receivables	28,653	59,113
Other debtors	17,037	-
Prepayments and accrued income	14	14
	52,200	71,175
Amounts falling due after more than one year		
Deferred taxation (note 9)	6,797	6,380
Finance lease receivables	37,684	96,358
	44,481	102,738
Total debtors	96,681	173,913

Finance leases

The value of assets acquired in the year was £87 3m (2012 £97 9m) During the year assets with a carrying value of £98 15m were sold

Future minimum receivables under finance leases are as follows

	March 2013 £'000	March 2012 £'000
Within one year	31,462	66,672
In the second to fifth years inclusive	43,128	111,959
After five years	23	82
Total gross payments	74,613	178,713
Less finance charges included above	(8,276)	(23,242)
	66,337	155,471

8 Debtors (continued)

Residual value exposure

All the residuals analysed below relate to office equipment and are included under finance leases and the entire exposure is due from a group undertaking

Year in which residual will be recovered

	March 2013 £'000	March 2012 £'000
Within one year	3,074	1,898
Between one and two years	320	3,562
In the third to fifth years inclusive	501	1,686
Total residuals	3,895	7,146

9 Deferred tax asset

	March 2013 £'000	March 2012 £'000
Movement of deferred tax balance in the period		
At the beginning of the year	6,380	3,946
Adjustment in respect of prior years	57	-
Current period charge (note 7)	360	2,434
At the end of the year (note 8)	6,797	6,380
Analysis of deferred tax balance		
Capital allowances in excess of depreciation	6,797	6,380

10 Creditors

	March 2013 £'000	March 2012 £'000
Amounts falling due within one year		
Bank loans and overdrafts	-	74,575
Amounts owed to group undertakings	15,543	34,811
Corporation taxation	9,792	5,712
Other taxation and social security	18	17
Other creditors	22,090	8,326
Accruals and deferred income	211	231
	47,654	123 672

11 Called up share capital

	Allotted, called up and fully paid	
Ordinary Shares of £1 each	**Number**	**£'000**
At the beginning and end of the year	5,970,000	5,970
Preference Shares of £1 each		
At the beginning and end of the year	33,993,155	33,993
Total share capital	39,963,155	39,963

12 Profit and loss account

	£'000
At the beginning of the year	10,278
Profit for the financial year	11,914
At the end of the year	22,192

13 Reconciliation of movements in equity shareholders' funds

	March 2013	March 2012
	£'000	£'000
Equity shareholders' funds at the beginning of the year	50,241	40,339
Profit for the financial year	11,914	9,902
Equity shareholders' funds at the end of the year	62,155	50,241

14 Pension and other post retirement benefit commitments

The pension charge for the period is shown in note 5 to the financial statements There were no outstanding or prepaid contributions at either the beginning or end of the financial year

15 Contingent liabilities

The company utilised off-balance sheet interest swap arrangements to manage interest rate risk The notional amounts of the instruments, which were not included in the company's balance sheet, were £21 7m as at 31 March 2012 and were disposed on 16 July 2012

The fair value of the swaps as at 31 March 2013 is £nil (2012 £0 5m) The notional amount of the interest rate related contracts is not a reflection of the interest rate risk run by the company

At 31 March 2013, the Company had contingent liabilities amounting to £nil (2012 £74 6m) in respect of utilisation of banking facilities

16 Parent company

The company's immediate parent is Ricoh Europe Holdings PLC registered in England and Wales and the company's ultimate parent company is Ricoh Company, Ltd , incorporated in Japan

The parent undertaking of the smallest group for which consolidated accounts are prepared, and in which the results of the company are included, is Ricoh Europe Holdings PLC Copies of these consolidated accounts can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ The parent undertaking of the largest group is Ricoh Company, Ltd Copies of the consolidated financial statements can be obtained from Ricoh Building, 8-13-1 Ginza, Chuo-ku, Tokyo 104-8222 Japan