Grant Thornton

Financial statements Right Document Solutions Holdings Limited

For the Period Ended 30 June 2008

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COMPANIES HOUSE

Company No. 6481322

Contents

Report of the directors

The directors present their report and the financial statements of the group for the Period ended 30 June 2008.

Principal activities and business review

The principal activity of the company during the year was the provision of total document solutions and project consultancy, incorporating the sale and support of black and white and colour digital photocopiers and multifunctional devices (standalone and networked), facsimile and other office systems. The company acts as a holding company.

The company was incorporated on 23 January 2008 and commenced trading on 28 March 2008 on the acquisition of Right Document Solutions Limited.

The group profit before taxation for the period to 30 June 2008 was £2,136,066 after goodwill amortisation charge of £259,240. There was a tax charge of £750,847 leaving £1,385,219 to be transferred to reserves.

Results and dividends

The profit for the Period, after taxation, amounted to £1,385,219. The directors have not recommended a dividend.

Financial risk management objectives and policies

The group uses various financial instruments,these include loans,cash and various items,such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments expose the group to a number of financial risks, which are described in more detail below.

Credit risk

The group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk therefore arises from debtors which is managed through a diversified customer base meaning that no one customer represents a significant proportion of the group's trade.

Liquidity risk

The group seeks to manage liquidity risk by ensuring that sufficient cash resources are available to meet the foreseeable needs.

Interest rate risk

The group finances its operations through a mixture of retained profits and borrowings. The group is exposed to interest rate increases as all borrowings are at variable rates of interest. At times of interest rate volatility hedging and or rate capping is considered.

Directors

The directors who served the company during the Period were as follows:

Paul Gillett
Nicholas Jones
Alpesh Unalkat
Colin Rutherford

Paul Gillett was appointed as a director on 28 March 2008.
Nicholas Jones was appointed as a director on 28 March 2008.
Alpesh Unalkat was appointed as a director on 28 March 2008.
Colin Rutherford was appointed as a director on 1 April 2008.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that Period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Donations

During the Period the company made the following contributions:

	£
Charitable	2,500

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

Nichols Jones
Secretary
....

10 December 2008

Grant Thornton

Report of the independent auditor to the members of Right Document Solutions Holdings Limited

We have audited the group and parent company financial statements ("the financial statements") of Right Document Solutions Holdings Limited for the Period ended 30 June 2008 on pages 10 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

Report of the independent auditor to the members of Right Document Solutions Holdings Limited (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2008 and of the group's profit for the Period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

GRANT THORNTON UK LLP Grant Thornton UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

10 December 2008
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Accounting policies

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

Turnover is the total amount receivable by the companyfor goods supplied where service performance has been completed, excluding VAT and trade discounts.

In respect of contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 20 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	-	25% straight line
Equipment	-	25% straight line and reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or the right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2008 £
Group turnover	1	**6,841,110**
Cost of sales		**3,124,339**
Gross profit		**3,716,771**
Other operating charges	2	**1,156,694**
Operating profit	3	**2,560,077**
Interest receivable		**40,274**
Interest payable and similar charges	6	**(464,285)**
Profit on ordinary activities before taxation		**2,136,066**
Tax on profit on ordinary activities	7	**750,847**
Profit for the financial period	8	**1,385,219**

All of the activities of the group are classed as continuing.
The group has no recognised gains or losses other than the results for the Period as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

Group balance sheet

	Note	2008 £
Fixed assets		
Intangible assets	9	**20,480,007**
Tangible assets	10	**79,888**
		20,559,895
Current assets		
Stocks	12	**436,251**
Debtors	13	**1,740,370**
Cash at bank		**3,116,042**
		5,292,663
Creditors: amounts falling due within one year	14	**4,460,379**
Net current assets		**832,284**
Total assets less current liabilities		**21,392,179**
Creditors: amounts falling due after more than one year	15	**18,773,627**
		2,618,552
Capital and reserves		
Called-up equity share capital	19	**74,000**
Share premium account	20	**1,159,333**
Profit and loss account	20	**1,385,219**
Shareholders' funds	21	**2,618,552**

These financial statements were approved by the directors and authorised for issue on 10.12.08..., and are signed on their behalf by:

Paul Gillett

Nicholas Jones

Balance sheet

	Note	2008 £
Fixed assets		
Investments	11	**21,417,785**
Current assets		
Debtors	13	**127,132**
Creditors: amounts falling due within one year	14	**1,300,737**
Net current liabilities		**(1,173,605)**
Total assets less current liabilities		**20,244,180**
Creditors: amounts falling due after more than one year	15	**18,995,343**
		1,248,837
Capital and reserves		
Called-up equity share capital	19	**74,000**
Share premium account	20	**1,159,333**
Profit and loss account	20	**15,504**
Shareholders' funds		**1,248,837**

These financial statements were approved by the directors and authorised for issue on 10/12/08, and are signed on their behalf by:

Paul Gillett

Nicholas Jones

Group cash flow

	Note	2008 £
Net cash inflow from operating activities	22	**2,991,182**
Returns on investments and servicing of finance	22	**(1,114,851)**
Taxation	22	**31**
Capital expenditure and financial investment	22	**(10,993,653)**
Cash outflow before financing	22	**(9,117,291)**
Financing	22	**12,233,333**
Increase in cash	22	**3,116,042**

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.
An analysis of turnover is given below:

	2008
	£
United Kingdom	6,841,110

2 Other operating charges

	2008
	£
Administrative expenses	1,156,694

3 Operating profit

Operating profit is stated after charging:

	2008
	£
Amortisation	259,240
Depreciation of owned fixed assets	13,925
Loss on disposal of fixed assets	714
Auditor's remuneration:	
Audit fees	9,250

4 Particulars of employees

The aggregate payroll costs of the above were:

	2008
	£
Wages and salaries	608,693
Social security costs	67,805
	676,498

5 Directors

Remuneration in respect of directors was as follows:

	2008
	£
Emoluments receivable	242,000

6 Interest payable and similar charges

	2008
	£
Interest payable on bank borrowing	257,082
Interest payable on other loans	207,203
	464,285

7 Taxation on ordinary activities

Analysis of charge in the Period

	2008
	£
Current tax:	
UK Corporation tax based on the results for the Period at –%	804,518
Deferred tax credit	(53,671)
Total current tax	750,847
Profit on ordinary activities before tax	2,136,066
Profit on ordinary activities multiplied by standard rate of tax 29.5%	630,139
Effect of	
Expenses not deductible for tax purposes	5,800
Amortisation of goodwill	74,476
Prior period adjustments	30,245
Other timing differences	60,143
Capital allowances for the period in excess of depreciation	3,715
Total current tax	804,518

8 Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was £15,504.

9 Intangible fixed assets

Group	Goodwill £
Cost	
Additions	20,739,247
At 30 June 2008	**20,739,247**
Amortisation	
Charge for the Period	**259,240**
At 30 June 2008	**259,240**
Net book value	
At 30 June 2008	**20,480,007**

10 Tangible fixed assets

Group	Motor Vehicles £	Equipment £	Total £
Cost			
Acquisition from subsidiary	52,800	267,620	320,420
Additions	–	15,322	15,322
Disposals	-	(27,135)	(27,135)
At 30 June 2008	52,800	255,807	308,607
Depreciation			
Acquisition from subsidiary	32,148	208,967	241,115
Charge for the Period	2,456	11,469	13,925
On disposals		(26,321)	(26,321)
At 30 June 2008	34,604	194,115	228,719
Net book value			
At 30 June 2008	**18,196**	**61,692**	**79,888**

11 Investments

Company	Group companies £
Cost	
Additions	**21,417,785**
At 30 June 2008	**21,417,785**
Net book value	
At 30 June 2008	**21,417,785**

Subsidiary undertakings

At 30 June 2008 the company had the following trading subsidiary undertaking:

	Nature of business	Holding
Right Document Solutions Limited	Total document solutions	100%

The company is registered in England and Wales.

The subsidiary has been consolidated in these financial statements.

Acquisitions

On 28 March 2008 Right Document Solutions Holdings Limited acquired the whole of the issued share capital of Right Document Solutions Limited. This acquisition has been accounted for by the acquisition method of accounting and the resulting goodwill has been capitalised.

	Book Value	Fair value adjustments	Provisional fair value Total
	£	£	£
Tangible fixed assets	79,305	-	79,305
Stocks	919,866	-	919,866
Debtors	1,574,305	-	1,574,305
Cash at bank	689,354	-	689,354
Trade creditors	(555,148)	-	(555,148)
Corporation tax	(563,000)	-	(563,000)
Other taxes & social security costs	(811,366)	-	(811,366)
Other creditors	(654,778)	-	(654,778)
Net assets acquired			678,538
Goodwill capitalised			20,739,247
Consideration			21,417,785
Consideration satisfied by:			
Cash			11,411,533
Acquisition costs			256,252
Shares issued			1,000,000
Loan notes			8,750,000
			21,417,785

12 Stocks

	The group	The company
	£	£
Finished goods	436,251	-

13 Debtors

	The group	The company
	£	£
Trade debtors	1,270,454	–
Other debtors	–	70,961
Deferred tax asset (note 17)	53,671	53,671
Prepayments and accrued income	416,245	2,500
	1,740,370	127,132

14 Creditors: amounts falling due within one year

	The group	The company
	£	£
Bank loans	1,285,533	1,285,533
Trade creditors	380,051	–
Other creditors	2,027,145	5,954
Accruals and deferred income	767,650	9,250
	4,460,379	1,300,737

15 Creditors: amounts falling due after more than one year

	The group	The company
	£	£
Loan notes (note 18)	8,941,682	8,941,682
Bank loans	9,831,945	9,831,945
Amounts owed to group undertakings	–	221,716
	18,773,627	18,995,343

The group has given a guarantee in respect of bank borrowings. All assets of the group are secured by the bank.

16 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	The group	The company
	£	£
Amounts repayable:		
In one year or less or on demand	1,285,533	1,285,533
In more than one year but not more than two years	1,452,176	1,452,176
In more than two years but not more than five years	5,344,484	5,344,484
In more than five years	11,976,969	11,976,969
	20,059,162	20,059,162

17 Deferred taxation

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 30 June 2008

	The group	The company
	£	£
Other timing differences	53,671	53,671
	53,671	53,671

18 Related party transactions

The company was under the control of Mr Paul Gillett throughout the current year. Paul Gillett was issued fixed rate unsecured loan notes (2016) of £8,750,000 on 28 March 2008 which carries interest at Libor plus 2.5%. All interest is rolled up pending redemption or repayment. The loan note is subordinated to the bank loans.

No additional transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

19 Share capital

Authorised share capital:

	2008
	£
54,000 Ordinary A shares shares of £1 each	54,000
46,000 Ordinary B shares shares of £1 each	46,000
	100,000

Allotted, called up and fully paid:

	No	£
Ordinary A shares shares of £1 each	54,000	54,000
Ordinary B shares shares of £1 each	20,000	20,000
	74,000	74,000

The 'A' Ordinary shares and the 'B' Ordinary shares carry entitlement to a dividend as recommended by the Board and carry the same rights and privileges and rank pari pasu in all respects, barring 'B' shares having no voting rights.

The directors have considered the nature of the 'A' and 'B' Ordinary shares in light of FRS 25 Financial Instruments Presentation and Disclosure and believe that these do not contain a financial liability and are therefore in essence equity shares.

20 Reserves

Group

	Share premium account £	Profit and loss account £
Profit for the Period	–	1,385,219
Other movements		
New equity share capital subscribed	1,159,333	–
At 30 June 2008	1,159,333	1,385,219

Company

	Share premium account £	Profit and loss account £
Profit for the Period	–	15,504
Other movements		
New equity share capital subscribed	1,159,333	–
At 30 June 2008	1,159,333	15,504

21 Reconciliation of movements in shareholders' funds

	2008 £
Profit for the financial Period	1,385,219
New equity share capital subscribed	74,000
Premium on new share capital subscribed	1,159,333
Net addition to shareholders' funds	2,618,552
Closing shareholders' funds	2,618,552

22 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2008 £
Operating profit	2,560,077
Amortisation	259,240
Depreciation	13,925
Loss on disposal of fixed assets	714
Increase in stocks	483,615
Increase in debtors	(112,394)
Increase in creditors	(213,995)
Net cash inflow from operating activities	2,991,182

Returns on investments and servicing of finance

	2008
	£
Interest received	40,274
Interest paid	(257,084)
Repaid bank loans	(325,000)
Bank loan issue costs	(573,041)
Net cash outflow from returns on investments and servicing of finance	(1,114,851)

Taxation

	2008
	£
Corporation tax refund	31

Capital expenditure

	2008
	£
Goodwill on acquisition	(11,411,533)
Costs involved in acquisition	(256,252)
Tangible fixed asset acquisition	(15,322)
Tangible fixed asset sale proceeds	100
Cash acquisition	689,354
Net cash outflow from capital expenditure	(10,993,653)

Financing

	2008
	£
New bank loans	12,000,000
Share capital	14,000
Share premium on issue of equity share capital	219,333
Net cash inflow from financing	12,233,333

Reconciliation of net cash flow to movement in net debt

	2008 £
Increase in cash in the period	3,116,042
Net cash (inflow) from bank loans	(11,019,959)
Non-cash items	(8,957,201)
Change in net debt	(16,943,118)
Net funds at 1 April 2008	–
Net debt at 30 June 2008	(16,943,118)

Analysis of changes in net debt

	At 1 April 2008 £	Cash flows £	Non cash items £	At 30 Jun 2008 £
Net cash:				
Cash in hand and at bank	-	3,116,042	-	3,116,042
Debt:				
Bank loans due within 1 year	-	(1,283,738)	-	(1,283,738)
Bank loans due after 1 year	-	(9,818,221)	(15,519)	(9,833,740)
	-	(11,101,959)	(15,519)	(11,117,478)
Other loans	-	-	(8,941,682)	(8,941,682)
Net debt	-	(7,985,917)	(8,957,201)	(16,943,118)