

Konica Minolta Business Solutions (UK) Limited

**Directors' report and financial
statements**

Registered number 01132885

Year ended 31 March 2013

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Directors' report

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

Principal activities

The principal activities of the Group are the import and distribution within the United Kingdom of plain paper copiers, colour copiers, desk top printers and their supplies. In addition to the continuation of these principal activities the Group is taking steps to deliver a wider range of software solutions and services to our business customers as part of managed print services.

Business review, key performance indicators and principal risks

Turnover in the year grew by 2.8% to £170.1m. The operating profit increased from £10.1m to £13.9m in the current year. Our gross profit margin has improved in the current year to 44.8% due partly to an improved mix of business activity and a small reduction in our input purchase costs. Our Distribution and Administration costs for the year at £62.3m were above the prior year figures by £5m. This increase is a result of a decision by the company to invest in the expansion of the managed print services and office solutions offered to our customer base.

The business continues to offer a broad range of products and services to the UK market. Investment in new products continued with products launched in the Office products division covering both A4 and A3 devices. During the year we revitalised our core colour machines in our Multifunctional Printing division with the launch of our Bizhub C554 series. This year also saw the business discontinue from the sale of the magicolor page pro equipment.

At the start of the financial year the business created a new Consultancy Services Division and a Professional Services Division thereby significantly improving our capability to deliver improved business performance to our customers through the implementation of our Optimised Printing Services and other solutions. The investment in these ventures is part of our focused direction to expand the business in these areas.

Overall sales within the Office products sector were in line with the prior year. Our activities in the Production Print environment have continued to expand and we achieved another year of good sales growth in this sector at 13.3% (2012: 10.6%). The Group continues to view this sector as a major growth opportunity and we are continuing to invest in the products and the sales and service support teams needed to realise this.

The general economic climate within the UK market continues to be difficult following the financial markets collapse in late 2008. The public sector has announced a number of austerity programmes which are expected to reduce customer spend in this market and may impact our future results, however, during the previous financial year the business was successfully awarded a place on lot 1 and lot 2 of the government procurement services framework. The award of lot 1 and lot 2 has yielded significant opportunities, allowing the business to successfully compete in the public sector. This has allowed the business to successfully counteract the difficulties faced against the austerity programmes within the public sector and continues to strengthen the overall business for the coming year.

Further discussion on financial risk management is given on page 2.

Directors' report *(continued)*

Results and dividend

The Group's operating profit for the financial year was £13,892k (2012 £10,075k) and the Group has net assets of £14,332k (2012 £9,330k) at the year end. The directors do not propose the payment of a dividend for the year (2012 £nil).

Going Concern

These financial statements have been prepared on a going concern basis. The Board considers this to be appropriate having considered the current financial position of the Company and Group, future forecast trading results and cash flows and the Group loan facilities from Konica Minolta Business Solutions Europe GmbH to the value of £35 million that are available to the Company and Group to meet its current obligations.

Directors

The directors who held office during the financial year were as follows:

Y Kobayashi (Resigned 1 April 2012)
A Eckert
K Osuga
N Dingley (Appointed 1 April 2012)
K Masamoto (Appointed 1 May 2012)

Employees

The Group maintains policies aimed at informing employees of and involving them in matters relating to the Group's activities and performance, as appropriate to their employment. Practices are varied to suit the particular conditions applicable to operating locations.

Disabled employees

Disabled persons are employed by the Group when they are suited to a particular vacancy. The special aptitudes and abilities of disabled persons are more easily met in certain aspects of our business and every effort is made to ensure that they are given full and fair consideration when vacancies arise. Particular efforts are made to continue the employment of existing employees who may become disabled and to arrange for their appropriate retraining. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of credit risk, currency risk and interest rate risk.

Credit risk

The Group has a large customer base and therefore has very little credit risk concentration. The Group's largest customers are large, well known finance houses. Credit risk is managed through strong credit approval processes, close management of relationships and pro-active debt management. A small amount of long term credit risk is taken relating to finance leases funded directly by the Company. Again this risk is managed in a similar manner to that stated above.

Directors' report *(continued)*

Financial risk management *(continued)*

Currency risk

The Group purchases the majority of our products from a group company. The pricing for these products is in Sterling which is calculated with reference to an underlying Euro cost converted at an agreed Euro/Sterling exchange rate. This pricing method has removed the currency risk associated with payment of our liabilities. There is still a currency risk associated with the Sterling price but this is mitigated by having a 5% fluctuation corridor from the base rate before any rate change is implemented. This has provided a more stable rate during the year.

Interest rate risk

The Company is subject to interest risk on any potential bank loans it may require in the future. Any loans that are required will be provided through a Group facility and the terms of the loans are reviewed and negotiated by the Group treasury activity. Due to the source being used for any potential loans the directors would not use hedging instruments to further mitigate the risk.

Political and charitable donations

The Company made £25,000 charitable donations during the year (2012 *£nil*). Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2012 *£nil*).

Disclosure of information to 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The Company is not required to appoint its auditors annually and KPMG LLP will therefore continue as the Company's auditors.

By order of the board



N Dingley
Director

Date *20 June 2013*

Konica House
Miles Gray Road
Basildon
Essex
SS14 3AR

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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and 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 Group and to prevent and detect fraud and other irregularities.



KPMG LLP

Botanic House
100 Hills Road
Cambridge CB2 1XL
United Kingdom

Independent auditor's report to the members of Konica Minolta Business Solutions (UK) Limited

We have audited the financial statements of Konica Minolta Business Solutions (UK) Limited for the year ended 31 March 2013 set out on pages 7 to 29. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 website 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 Group's and the parent company's affairs as at 31 March 2013 and of the Group's 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.

Independent auditor's report to the members of Konica Minolta Business Solutions (UK) Limited *(continued)*

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Mark Prince (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge CB2 1AR

Date *20 June 2013*

Consolidated profit and loss account
for the year ended 31 March 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover			
Cost of sales	2	170,090 (93,924)	165,512 (98,189)
Gross profit		76,166	67,323
Distribution costs		(46,352)	(45,439)
Administrative costs		(15,922)	(11,809)
Operating profit		13,892	10,075
(Loss) / profit on disposal of fixed assets		(49)	3
Other interest receivable and similar income	6	54	26
Other finance income	7	1,265	831
Interest payable and similar charges	8	(7)	(47)
Profit on ordinary activities before taxation	3	15,155	10,888
Tax on profit on ordinary activities	9	(1,303)	(1,684)
Profit for the financial year	24	13,852	9,204

All operations are continuing

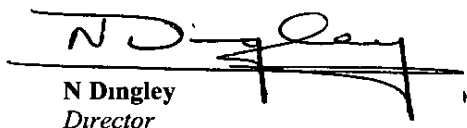
The notes on pages 11 to 29 form part of these financial statements

Consolidated balance sheet
At 31 March 2013

	<i>Note</i>	2013 £000	2012 £000
Fixed assets			
Intangible assets	<i>11</i>	31	405
Tangible assets	<i>12</i>	4,541	4,695
		4,572	5,100
Current assets			
Stocks	<i>14</i>	3,393	3,508
Debtors	<i>15</i>	46,935	47,592
Cash at bank and in hand		20,704	7,846
		71,032	58,946
Creditors amounts falling due within one year	<i>17</i>	(49,687)	(48,304)
Net current assets		21,345	10,642
Total assets less current liabilities		25,917	15,742
Creditors amounts falling due after more than one year	<i>18</i>	(2,794)	(2,800)
Net assets excluding pension liabilities		23,123	12,942
Provision for liabilities	<i>19</i>	(628)	(740)
Pension liabilities	<i>22</i>	(8,163)	(2,872)
Net assets including pension liabilities		14,332	9,330
Capital and reserves			
Called up share capital	<i>23</i>	21,000	21,000
Profit and loss account	<i>24</i>	(6,668)	(11,670)
Shareholders' funds		14,332	9,330

The notes on pages 11 to 29 form part of these financial statements

These financial statements were approved by the board of directors on *20 June 2013* and were signed on its behalf by

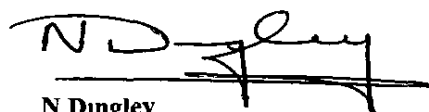

N Dingley
Director

Company balance sheet
At 31 March 2013

	<i>Note</i>	2013 £000	2012 £000
Fixed assets			
Intangible assets	11	31	405
Tangible assets	12	4,151	4,351
Investments	13	4,910	4,910
		<u>9,092</u>	<u>9,666</u>
Current assets			
Stocks	14	3,125	2,822
Debtors	15	41,211	40,409
Cash at bank and in hand		20,187	6,793
		<u>64,523</u>	<u>50,024</u>
Creditors: amounts falling due within one year	17	<u>(53,387)</u>	<u>(52,985)</u>
Net current assets / (liabilities)		<u>11,136</u>	<u>(2,961)</u>
Total assets less current liabilities		<u>20,228</u>	<u>6,705</u>
Creditors: amounts falling due after more than one year	18	<u>(2,764)</u>	<u>(2,766)</u>
Provision for liabilities	19	<u>(628)</u>	<u>(740)</u>
Net assets		<u><u>16,836</u></u>	<u><u>3,199</u></u>
Capital and reserves			
Called up share capital	23	21,000	21,000
Profit and loss account	24	(4,164)	(17,801)
Shareholders' funds		<u><u>16,836</u></u>	<u><u>3,199</u></u>

The notes on pages 11 to 29 form part of these financial statements

These financial statements were approved by the board of directors on 20 June 2013 and were signed on its behalf by


N Dingley
Director

Consolidated statement of total recognised gains and losses
for the year ended 31 March 2013

	<i>Note</i>	2013 £000	2012 £000
Profit for the financial year		13,852	9,204
Actuarial loss on pension schemes	22	(10,685)	(5,099)
Deferred tax arising on losses in the pension scheme		2,458	1,250
Deferred tax arising on additional contribution to the pension scheme		(623)	(1,300)
Total recognised gains and losses relating to the year		5,002	4,055

Reconciliations of movements in shareholders' funds
for the year ended 31 March 2013

	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Profit for the financial year	13,852	9,204	13,637	824
Actuarial loss on pension scheme	(10,685)	(5,099)	-	-
Net movement of deferred tax relating to pension scheme	1,835	(50)	-	-
Net addition to shareholders' funds	5,002	4,055	13,637	824
Opening shareholders' funds	9,330	5,275	3,199	2,375
Closing shareholders' funds	14,332	9,330	16,836	3,199

The notes on pages 11 to 29 form part of these financial statements

Notes to the financial statements *(forming part of the financial statements)*

1 Accounting policies

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

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

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Konica Minolta Inc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties) The consolidated financial statements of Konica Minolta Holdings Inc, within which this Company is included, can be obtained from the address given in note 25

Going concern

These financial statements have been prepared on a going concern basis The Group made an after tax profit for the financial year of £13,852k (2012 £9,204k) and had net current assets of £21,345k (2012 £10,642k) The directors believe that the going concern basis is appropriate for the following reasons

The Company and Group are funded by its own cash funds of £20,704k (2012 £7,846k) and also has access to a rolling Group loan facility from Konica Minolta Business Solutions Europe GmbH to the value of £35 million that is available to meet its current obligations

The Directors have prepared projections for the twelve months from the date of these financial statements and consider the forecasts to be reasonable and realistic

On the basis of these projections, the available funds and loan facility and the factors likely to affect the Group's future development and position, as set out in the Business Review section of the Directors' Report on pages 1 to 3, the directors have a reasonable expectation that the Company and Group will be able to continue in operational existence for the foreseeable future, continuing to operate within the current agreed facility and hence a going concern basis is appropriate

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2013 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under section 408 of the Companies Act 2006 the Company is exempt from the requirements to present its own profit and loss account

Goodwill and negative goodwill

Purchased goodwill (both positive and negative) arising on consolidation/business combinations in respect of acquisitions before 1 January 1998, when FRS 10 'Goodwill and intangible assets' was adopted, was written off to reserves in the year of acquisition When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation/business combinations in respect of acquisitions since 1 January 1998 is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Notes (continued)

1 Accounting policies (continued)

Goodwill and negative goodwill (continued)

Negative goodwill arising on consolidation/business combinations in respect of acquisitions since 1 January 1998 is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill (negative goodwill)

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off

Turnover

Turnover is generated from both sales and service activities. Sales revenue derives from the sale of new and second hand machines to customers, including equipment which is financed by third party lessors. Where equipment is financed, customers may contract directly with the lessor or alternatively customers may contract with the company and give permission for the rentals to be assigned with all the risks and rewards transferring to the lessor. The company also provides machines to customers through rental agreements and recognises the resulting income in line with IFRS. Service revenue is principally generated from metered copy contracts with customers and is recognised on an accruals basis. All revenues are stated after deducting returns, allowances and sales taxes.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. These are amortised on a straight line basis over their estimated useful lives which are as follows:

Goodwill - 5 years

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives at the following rates:

Freehold buildings	-	2%
Leasehold improvements	-	6%-33%
Rental machines	-	25-100%
Computer equipment	-	25-33%
Plant and equipment	-	10-25%
Motor vehicles	-	25%

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Post-retirement benefits

The Company operates a pension scheme providing post-retirement benefits for eligible employees. The scheme has a defined contribution section and a defined benefit section providing benefits based on final pensionable pay.

Defined contribution section

The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Defined benefit section

The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year 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 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 FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Turnover

Turnover is derived from the Company's principal activities on sales made in all material respects in the United Kingdom

3 Profit on ordinary activities before taxation

	2013 £000	2012 £000
<i>This is stated after charging / (crediting)</i>		
Depreciation		
Depreciation of owned assets	2,397	2,334
Depreciation of assets held under finance leases and hire purchase contracts	21	13
Loss/(profit) on disposal of tangible fixed assets	49	(3)
Operating lease rental payments		
Plant and machinery	2,095	2,027
Other	1,702	1,421
Operating lease rental receipts	(2,813)	(2,107)
Amortisation of goodwill	374	373
	<hr/>	<hr/>
<i>Auditors' remuneration</i>		
	2013 £000	2012 £000
Audit of these financial statements	188	193
Audit of subsidiaries pursuant to legislation	21	23
Amounts receivable by auditors and their associates in respect of		
Other services relating to taxation	36	52
All other services	40	60
	<hr/>	<hr/>

Notes (continued)

4 Directors' emoluments

	2013 £000	2012 £000
Aggregate emoluments	478	200

Retirement benefits are not accruing to any director under the defined benefit scheme

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £307,233 (2012 £200,000) and Company pension contributions of £nil (2012 £nil) were made to a money purchase scheme on his behalf

5 Staff numbers and costs

The average number of persons employed by the Group on a permanent basis during the year, (including Directors but excluding Fixed term Contracts and Agency) analysed by category, was as follows

	2013 Number	2012 Number
Management	25	20
Administration	146	153
Marketing and service	673	618
	844	791

The aggregate payroll costs of the Group's employees were as follows

	2013 £000	2012 £000
Wages and salaries	32,686	29,523
Social security costs	3,819	3,541
Other pension costs	974	880
	37,479	33,944

Notes *(continued)*

6 Other interest receivable and similar income

	2013	2012
	£000	£000
Other interest receivable	54	26

7 Other finance income

	2013	2012
	£000	£000
Expected return on pension scheme assets	5,179	4,873
Interest on pension scheme liabilities	(3,914)	(4,042)
	1,265	831

8 Interest payable and similar charges

	2013	2012
	£000	£000
Bank interest due within 5 years not by instalment	-	43
On finance leases and hire purchase contracts	7	4
	7	47

Notes (continued)

9 Taxation

Analysis of charge in year

	2013 £000	2012 £000
<i>UK corporation tax</i>		
Current tax on income for the year	603	543
Adjustments in respect of prior periods	19	314
	<hr/>	<hr/>
Current tax charge for the year	622	857
<i>Deferred tax</i>		
Origination/reversal of timing differences	373	149
Impact of change in Corporation Tax rate	45	79
Charge in respect of pension liabilities	303	216
Adjustments in respect of prior periods	(40)	383
	<hr/>	<hr/>
	1,303	1,684
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2012 lower) than the standard rate of corporation tax in the UK 24% (2012 25%). The differences are explained below

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	15,155	10,888
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 24% (2012 25%)	3,637	2,831
<i>Effects of</i>		
Difference between depreciation and capital allowances	(241)	(315)
Short term timing differences	(2,037)	(556)
Expenses not deductible for tax purposes	171	98
Pension contribution adjustment	(927)	(1,515)
Adjustments in respect of prior periods	19	314
	<hr/>	<hr/>
Total current tax charge (see above)	622	857
	<hr/>	<hr/>

Factors affecting the future tax charge

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 asset at has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

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. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes (continued)

10 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the year amounted to £13,637,000 (2012 £824,000). A dividend of £5m was received from Konica Minolta East Ltd during the financial year.

During the year the Company has continued to make additional contributions into the Group's defined benefit pension scheme as part of the agreed payment plan against the scheme deficit. As the company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', it accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to its own profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

11 Intangible fixed assets

Group

	Goodwill £000
Cost	
At beginning and end of year	8,465
Amortisation	
At beginning of year	8,060
Charge for year	374
At end of year	8,434
Net book value	
At 31 March 2013	31
At 31 March 2012	405

Company

	Goodwill £000
Cost	
At beginning and end of year	1,865
Amortisation	
At beginning of year	1,460
Charge for year	374
At end of year	1,834
Net book value	
At 31 March 2013	31
At 31 March 2012	405

Notes (continued)

12 Tangible fixed assets

Group	Freehold land and buildings	Short leasehold property and improvements	Plant and computer equipment	Rental machines	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	119	2,330	10,313	9,410	22,172
Additions	-	481	1,067	2,637	4,185
Disposals	-	(43)	(307)	(2,493)	(2,843)
At end of year	119	2,768	11,073	9,554	23,514
Depreciation					
At beginning of year	43	1,287	8,658	7,489	17,477
Charge for year	2	372	926	1,097	2,397
On disposals	-	(23)	(230)	(648)	(901)
At end of year	45	1,636	9,354	7,938	18,973
Net book value					
At 31 March 2013	74	1,132	1,720	1,616	4,541
At 31 March 2012	76	1,043	1,655	1,921	4,695

Included in the total net book value of plant and equipment is £58,000 (2012 £63,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £21,000 (2012 £13,000).

"Rental machines" are assets held for rental to customers under operating leases.

Notes (continued)

12 Tangible fixed assets (continued)

Company	Freehold land and buildings £000	Short leasehold property and improvements £000	Plant and equipment £000	Rental machines £000	Total £000
Cost					
At beginning of year	119	2,299	8,963	9,263	20,644
Additions	-	388	977	2,612	3,977
Disposals	-	(43)	(304)	(2,461)	(2,808)
At end of year	119	2,644	9,636	9,414	21,813
Depreciation					
At beginning of year	43	1,244	7,620	7,386	16,293
Charge for year	2	333	839	1,072	2,246
On disposals	-	(23)	(229)	(625)	(877)
At end of year	45	1,554	8,230	7,833	17,662
Net book value					
At 31 March 2013	74	1,090	1,406	1,581	4,151
At 31 March 2012	76	1,055	1,343	1,877	4,351

The net book value of plant and equipment includes an amount of £nil (2012 £4,000) in respect of assets held under hire purchase agreement. Depreciation for the year on these assets was £nil (2012 £3,000)

"Rental machines" are assets held for rental to customers under operating leases

Notes (continued)

13 Fixed asset investments

Company	Total £000
Cost	
At beginning and end of year	7,401
Provisions	
At beginning and end of year	2,491
Net book value	
At 31 March 2013	4,910
At 31 March 2012	4,910

Investments in subsidiaries are stated at cost less amounts written off where there has been a permanent diminution in value

The principal undertakings in which the Company's interest at the year end is more than 20% are as follows

<i>Subsidiary undertakings</i>	Principal Activity	Class and percentage of shares held
Konica Minolta Business Solutions East Limited	Business and marketing and servicing products distributed by the company	100% ordinary "A" shares of £1 100% ordinary "B" shares of £1
Konica Minolta Business Solutions (Wales) Limited	Dormant	100% ordinary shares of £1
Ideal Reprographics Eastern Limited	Non-trading	100% ordinary shares of £1

All subsidiary undertakings are registered in England and Wales and are consolidated into the Group financial statements

Notes (continued)

14 Stocks

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Finished goods and goods for resale	3,393	3,508	3,125	2,822

15 Debtors

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	35,352	37,179	31,502	31,776
Amounts owed by group undertakings				
- Subsidiary undertakings	1,796	-	1,712	-
- Parent company and fellow group undertakings	-	138	-	138
Other debtors	769	1,031	769	1,026
Prepayments and accrued income	8,572	8,420	6,857	6,730
Deferred tax (see note 16)	446	824	371	739
	46,935	47,592	41,211	40,409

Trade debtors includes £666,000 (2012 £984,000) due after more than one year

16 Deferred tax

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
At beginning of year	824	1,435	739	1,352
Charged to profit and loss account	(378)	(611)	(368)	(613)
At end of year	446	824	371	739

Notes (continued)

16 Deferred tax (continued)

Amounts recognised	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Difference between accumulated depreciation and amortisation and capital allowances	427	295	356	223
Other timing differences	19	529	15	516
	<u>446</u>	<u>824</u>	<u>371</u>	<u>739</u>
Amounts not recognised	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Difference between accumulated depreciation and amortisation and capital allowances	1,910	2,124	1,910	2,124
Other timing differences	12	331	12	331
Losses	-	1,514	-	1,514
	<u>1,922</u>	<u>3,969</u>	<u>1,922</u>	<u>3,969</u>

In accordance with FRS 19, a deferred tax asset has been recognised only to the extent to which there is sufficient persuasive and reliable evidence that it will be recovered

17 Creditors: amounts falling due within one year

	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Obligations under finance leases and hire purchase contracts	29	43	1	25
Trade creditors	4,374	3,727	3,916	3,652
Amounts owed to group undertakings				
- parent company and fellow group undertakings	24,456	23,714	22,921	23,714
- subsidiary undertakings	-	-	7,309	7,293
Corporation tax payable	260	601	82	-
Taxation and social security	7,568	7,750	6,190	5,944
Accruals and deferred income	13,000	12,469	12,968	12,357
	<u>49,687</u>	<u>48,304</u>	<u>53,387</u>	<u>52,985</u>

Notes (continued)

18 Creditors: amounts falling due after more than one year

	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Obligations under finance leases and hire purchase contracts	30	36	-	2
Amounts owed to fellow subsidiary undertaking	2,764	2,764	2,764	2,764
	<u>2,794</u>	<u>2,800</u>	<u>2,764</u>	<u>2,766</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows

	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Within one year	29	43	1	25
In the second to fifth years	30	36	-	2
	<u>59</u>	<u>79</u>	<u>1</u>	<u>27</u>

Hire purchase liabilities are secured against the assets to which they relate

The Company has access to a rolling Group loan facility of £35 million. At the end of March 2013 there were no loans drawn under this facility but it is still available to the Company to support any future business needs.

19 Provision for liability

	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Dilapidations provision	628	740	628	740
	<u>628</u>	<u>740</u>	<u>628</u>	<u>740</u>

The Company holds a provision for dilapidations on premises that are due to be vacated

Notes (continued)

20 Contingent liabilities

As at 31 March 2013 there were no contingent liabilities

21 Commitments

(a) There were no capital commitments at the end of the financial year (2012 *£nil*)

(b) Annual commitments under non-cancellable operating leases are as follows

Group	2013	Other	2012	Other
	Land and buildings £000		Land and buildings £000	
Operating leases which expire				
Within one year	164	201	67	329
In the second to fifth years inclusive	910	997	239	1,099
Over five years	434	-	1,360	-
	<u>1,508</u>	<u>1,198</u>	<u>1,666</u>	<u>1,428</u>
Company	2013	Other	2012	Other
	Land and buildings £000		Land and buildings £000	
Operating leases which expire				
Within one year	164	152	67	304
In the second to fifth years inclusive	858	682	214	800
Over five years	299	-	1,225	-
	<u>1,321</u>	<u>834</u>	<u>1,506</u>	<u>1,104</u>

Notes (continued)

22 Pension schemes

Group

During the year ended 31 March 2013, the Group operated the following pension scheme in the United Kingdom

The Konica Minolta Business Solutions (UK) Pension Plan

The Plan has a defined benefit section which was closed for future contributions from the 1 April 2010. There are no informal practices giving rise to constructive obligations that are required to be included in the measurement of Plan liabilities. A full FRS 17 actuarial valuation was carried out as at 30 September 2011 by a qualified independent actuary and rolled forward to 31 March 2013.

The major financial assumptions used by the actuary were

Actuarial Assumptions	2013	2012
Discount rate	4.53%	5.07%
Rate of increase in salaries (section 148 orders)	4.23%	4.12%
Pension increase in payment rates	3.13%	3.02%
Expected return on plan assets	6.50%	6.96%
Inflation assumption (RPI)	3.23%	3.12%
Inflation assumption (CPI)	1.73%	1.62%
Demographic assumptions	2013	2012
Pre-retirement mortality	AxC00	AxC00
Post retirement mortality	PCxA00	PCxA00
Post retirement cohort	Medium Cohort	Medium Cohort
Start year of improvements	2000	2000
Proportion married	75%	80%

The plan does not invest in the sponsor's own financial instruments, including property or other assets owned by the sponsor.

Scheme assets

The major categories of assets in the plan, their percentage of the total plan assets and the expected rate of return as at 31 March 2013 were

	Expected rate of return 2013	% of total plan assets	Expected rate of return 2012	% of total plan assets
Equities	7.61%	50%	8.13%	65%
Property	6.86%	7%	7.63%	11%
Fixed interest -UK Gilts	n/a	n/a	2.27%	7%
Fixed interest -other	3.77%	14%	4.47%	12%
Cash	2.38%	10%	2.79%	5%
Diversified Growth Funds	7.61%	19%	n/a	n/a

Balance Sheet	31 March 2013	31 March 2012
Fair value of plan assets	84,503	74,414
Present value of funded obligations	(95,104)	(78,193)
Obligation in excess of asset	(10,601)	(3,779)
Related deferred tax asset	2,438	907
Net pension liability	(8,163)	(2,872)

In addition the Trustees held insured annuities. The value of these annuities has been excluded both from the assets and liabilities since the liability is matched directly by an asset of equal value. The sponsor's best estimate of contributions to be paid in the year following 31 March 2013 is £2,856,000 (2012 £2,671,000).

Notes (continued)

22 Pension schemes (continued)

Movements in obligation during the year

	2013 £000	2012 £000
Deficit in scheme at beginning of year	(3,780)	(4,511)
Contributions paid	2,599	5,000
Other finance income	1,265	831
Actuarial loss	(10,685)	(5,099)
	<hr/>	<hr/>
Deficit in the scheme at the end of the year	(10,601)	(3,779)
	<hr/>	<hr/>

Analysis of other pension cost charges in arriving at operating profit

	2013 £000	2012 £000
Current service cost	-	-
	<hr/>	<hr/>

Analysis of the amounts included in other finance income

	2013 £000	2012 £000
Expected return on pension scheme assets	5,179	4,873
Interest on pension liabilities	(3,914)	(4,042)
	<hr/>	<hr/>
Other finance income	1,265	831
	<hr/>	<hr/>

Analysis of amount recognised in statement of total recognised gains and losses

	2013 £000	2012 £000
Actual return less expected return on scheme assets	4,323	(2,072)
Experience losses arising on scheme liabilities	(782)	(1,179)
Changes in assumptions underlying the present value of scheme liabilities	(14,226)	(1,848)
	<hr/>	<hr/>
Actuarial loss recognised in statement of total recognised gains and losses	(10,685)	(5,099)
	<hr/>	<hr/>

Notes (continued)

22 Pension schemes (continued)

History of experience gains and losses – Konica Minolta Business Solutions (UK) Pension Plan

	2013	2012	2011	2010	2009
Difference between the expected and actual return on scheme assets					
Amount (£000)	4,323	(2,072)	863	10,160	(13,972)
Percentage of year end scheme assets	5.1%	(2.8%)	1.3%	16.2%	(36.2%)
Experience gains and losses on scheme liabilities					
Amount (£000)	(782)	(1,179)	(638)	385	296
Percentage of year end present value of scheme liabilities	(0.8%)	(1.5%)	0.9%	0.5%	0.6%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	(10,865)	(5,099)	905	(7,039)	(4,116)
Percentage of year end present value of scheme liabilities	(11.4%)	(6.5%)	1.3%	9.9%	7.7%

On the 1st December 2007 the Minolta (UK) Pension Plan was merged into the Konica Minolta Business Solutions (UK) Pension Plan

This section of the plan is closed to new entrants

FRS17 requires the service cost to be measured using the projected unit method. Under the projected unit method the current service costs, expressed as a percentage of salary, will increase as the members of the scheme approach retirement.

The Group made contributions of £2,598,872 to the defined benefit section over the course of the year.

Company

Defined benefit sections

The Company participates in the Konica Minolta Business Solutions (UK) Pension Plan, for eligible employees of the Company providing benefits based on pensionable pay as at 31st March 2013.

The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The total pension charge for the Company for the period was £2,388,872 (2012 £5,000,000).

Defined contribution scheme

For staff previously not eligible to join the defined benefit pension scheme and for all qualifying staff from 1st March 2003 the Company and Group operates a defined contribution scheme.

Employer's contributions included within the Accounts were as follows:

	2013 £000	2012 £000
Defined contribution scheme	975	880

Accrued and outstanding defined contribution costs at the period end amounted to £129,000 (2012 £108,000).

Notes (continued)

23 Called up share capital

Group and company	2013 £000	2012 £000
<i>Authorised</i>		
21,000,000 Ordinary shares of £1 each	21,000	21,000
<i>Allotted, called up and fully paid</i>		
21,000,000 Ordinary shares of £1 each	21,000	21,000

24 Profit and loss account

	2013 Group £000	2012 £000	2013 Company £000	2012 £000
At beginning of year	(11,670)	(15,725)	(17,801)	(18,625)
Profit for the financial year	13,852	9,204	13,636	824
Actuarial loss recognised in the pension schemes	(10,685)	(5,099)	-	-
Deferred tax arising on additional contribution to the pension scheme	(623)	(1,300)	-	-
Deferred tax arising on losses in the pension schemes	2,458	1,250	-	-
At end of year	(6,668)	(11,670)	(4,164)	(17,801)

25 Ultimate parent company and parent undertaking of larger group

The ultimate holding company and controlling party is Konica Minolta Inc which is incorporated in Japan. Konica Minolta Holdings, Inc is the only undertaking for which consolidated accounts, which include consolidated accounts of the Group, are drawn up. Copies of the consolidated financial statements of Konica Minolta Holdings, Inc may be obtained from the Secretary, Konica Minolta Business Solutions (UK) Limited, Miles Gray Road, Basildon, Essex, SS14 3AR.