

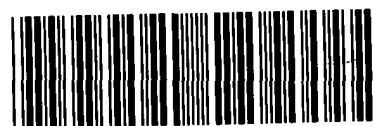
**Konica Minolta Business Solutions (UK) Limited**

**Annual report and consolidated  
financial statements**

**Registered number 01132885**

**For the year ended 31 March 2020**

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## Strategic Report

The directors present their Strategic report, Directors report and financial statements for the year ended 31 March 2020.

### Principal activities

The principal activities of the Group are:

- Import and distribution within the United Kingdom of multi-functional printing devices and their supplies.
- Delivery of software solutions and managed IT services to our business customers.

### Results

The Group's operating loss for the financial year was £7.6m (2019: £5.8m) and the Group had net assets of £39.2m (2019: £48.1m) at the year end. Stock levels at year end were £8.2m (2019: £12.8m), the previous year's stock level being very high due to increased purchases driven by business continuity planning in relation to the prospective UK exit from the EU on 31 March 2019. This exit did not happen and indeed a number of subsequent exit dates were cancelled in the 2020 financial year in the preceding days before each deadline. The latest such deadline was 31 January 2020, for which we had also increased stock purchases. This had been largely run down by 31 March 2020, but stock levels were still relatively high. The UK eventually exited the EU on 1<sup>st</sup> Jan 2021 and the impact on the business has so far been minimal with some delays across our supply chain experienced in January 2021 but business continuity has been retained.

### Business review, key performance indicators and principal risks

#### Business Review

Turnover in the year decreased by 8% to £165.2m (2019: £179.7m) the operating loss increased from £5.8m to £7.6m in the current year. Our gross profit margin decreased in the current year to 33.2% (2019: 37%)

Our Distribution and Administration costs for the year were £62.5m (2019: £72.1m).

Our traditional core hardware markets saw a decline in the financial year. Colour models remain dominant in the office segment, accounting for 85% of the market. We currently hold the number 3 position in the A3 colour market and the production print market.

The decline in hardware markets is something we have prepared for and has been the driver behind our diversification strategy of recent years, whilst striving to deliver an excellent service to the customers of our core business. Our vision is to become the partner of choice for the digital workplace of the future. The contribution from IT solutions and services continued to grow year on year, now contributing £22.0m, 13.3% of our revenues.

We continue to develop our core business product range, including related software and at the start of the financial year we introduced a new hardware range of A3 and A4 colour multifunctional devices, the "i" series, incorporating upgraded configuration and specifications such as memory, speed, capacity, improved user interface panels, ECO settings and enhanced security features.

At the end of the financial year we launched 2 high volume production presses – AccurioPress C14000 and C12000. These are ideal for customers looking to increase productivity through efficiency and speed to grow their businesses. The models offer increased, high quality output with less waste through advanced automation, fewer human touchpoints and higher productivity.

We continued to expand our solutions portfolio with Dispatcher Suite (for secure print management as well as document process automation and distribution) and Filestar, our cloud based document management service. <https://www.konicaminolta.co.uk/en-gb/solutions/it-services/filestar-document-management-solution-made-easy>

## Strategic Report (Continued)

As anticipated, we saw a continued decline in service revenues as our machine base churns onto lower pricing per page and print volumes per device slow as businesses seek to reduce their hard copy output and accelerate digital transformation. This is a trend across our sector both in the UK and globally which has a revenue reducing and margin diluting impact. To mitigate this impact we are driving efficiency in our field service engineering teams, providing remote maintenance and meter read facilities and thus further improving the customer experience.

We have continued to focus on efficiency measures in all of our businesses. This has included rationalisation of our office space, process automation and headcount reductions. In 2019, we made further progress through outsourcing some of our administrative functions to GenPact in Hyderabad, India. This has driven improved efficiencies and productivity alongside our continued advancements in process automation and office space reductions, enabled by our migration to agile working methods.

### Business Strategy

The focus for us is to ensure we are delivering value to our customers in helping resolve their business problems and we are striving to put the customer at the centre of all we do within the business, thereby developing lasting, mutually profitable partnerships.

The business offers a broad range of products and services to the UK market, with IT solutions and services now accounting for 14% of our turnover. As previously mentioned, our Office Hardware portfolio was upgraded during this Financial Year providing added value to our customers and partners.

Our ambition to grow Production Print and Industrial Print revenues was achieved via the model refresh and improved customer offering in Production Print.

We gained considerable traction in the Industrial Print sector in this year with sales of flagship products such as the KM-1.

The business continues to benefit from its positions on a number of Public Sector Buying Frameworks (Crown Commercial Services, Crescent Purchasing Consortium, the Central Buying Consortium, North Eastern Universities Purchasing Consortium, National Procurement Services framework for Wales, and Scottish Procurement). These Buying Frameworks not only provide us with extensive partnering opportunities with a wide range of public sector organisations but also demonstrate best value for money to those organisations able to utilise the frameworks.

In the indirect business, we saw some year on year contraction as a result of Channel Partner consolidation, with some non KM Channel Partners being highly acquisitive. In response, we have repositioned our indirect offering and pricing, acquired some new Channel Partners and have opened new routes to market by partnering with an established distributor.

Our subsidiary ProcessFlows was loss making in the year but exited the year with a profit in Q4 and has continued to be profitable so far in the new financial year.

We saw revenue growth of 18% in our strategic focus areas of Managed IT Services and Outsourcing, with the addition of new offerings in the areas of robotic process automation, intelligent automation and intelligent information management such as our accounts payable automation suite for small businesses – AP ProcessFlows®.

We strongly grew ProcessFlows' outsourcing operation, which is based in Sofia and continue to invest in this area with additional staff and office space. This is a key focus area for continued future growth. See <https://processflowsoutsourcing.co.uk/about/> for more information.

## Strategic Report (Continued)

### Key Performance Indicators

The business uses a range of Key Performance Indicators to measure the performance of the Company, with turnover, gross profit and EBIT being the main indicators used, measuring actual performance against planned performance and prior year.

Other key indicators are the management of Working Capital and measures used in this area include stock turn days and debtor days.

The business also employs a range of non-financial key performance indicators including colleague retention and colleague engagement.

### 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 well known finance houses. A significant percentage of our direct customer base is in the public sector. 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. Credit insurance is used to minimise credit risk in the indirect channel. In the year, we introduced GetPaid collection software to further improve and automate our credit and collection processes.

#### *Currency risk*

The Group purchases the majority of our products from a group company based in Germany. 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. There is currency risk associated with the Sterling price, but this is somewhat mitigated by having a 5% fluctuation corridor from the base rate over a quarterly period before any rate change is implemented.

#### *Interest rate risk*

The Group 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.

### COVID-19

The directors expect that the business will be impacted in the new financial year ending March 2021 by the ongoing coronavirus pandemic.

It is anticipated that National and local lockdowns will impact mostly on the multi-functional print devices business since the physical delivery and installation of devices at customer premises is not always possible. In addition to this the significant increase in remote working is likely to impact service revenues generated from print volumes through the financial year.

We expect there to be a recovery in activity in hardware sales but that this might be at reduced levels if some customers decide to reduce their print fleet or defer fleet renewal in direct response to new ways of working.

## Strategic Report (Continued)

In addition to a reduction in device sales, many devices currently installed are not being used or being used at much lower levels than is usual. It is possible that usage levels may not return to pre-pandemic levels due to changes in working habits (i.e. increased remote working) and that the pandemic will prompt an accelerated migration to digital document management and decline in print volumes.

The directors have considered these impacts and are executing a series of activities in mitigation to protect profits.

Cashflow is being managed at a meticulous level and we have the potential to increase our loan facility with our parent company with no upper limit imposed. Therefore, we believe we will remain liquid.

Processflows profits and cashflows will be less impacted, and we still expect to achieve our original targets for the new financial year. Processflows' customer base is made up of 70% of software supplies and services including consultations and installations, 25% outsourcing and the balance 5% of hardware sales. The main business has not been adversely affected due to most services being carried out remotely. Outsourcing was affected by some customers reducing their requirements, but we have also gained some income in this area and therefore the management team is not concerned. Hardware sales have not been affected.

### 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 central group loan facilities available from Konica Minolta Business Solutions Europe GmbH to the value of £14.5 million to meet our current obligations and able to be extended to whatever extent necessary during the current coronavirus lockdown period.

### Employees

It is the Group's stated aim to be an Employer of Choice. To this end, we are committed to providing an inclusive and rewarding workplace for all colleagues.

The UK organisation has been an accredited Top Employer for the last 3 years, receiving accreditation once again in the year ended 31<sup>st</sup> March 2020. The Top Employers Institute is the global authority on recognising excellence in people practices. Working in partnership with Top Employers, we benchmark best practice and most importantly identify gaps in our people practices and continue to evolve.

Our policies, practices and engagement activities ensure employees understand the business direction and their role in its achievements. We deliver regular communication events throughout the year with an enhanced focus in April and October which is connected to annual and bi-annual business performance, company strategy and progress against our annual objectives.

We have an ethos of ongoing development, focussing on building the required future capabilities which have been built into our development activities and recruitment practises.

We use an external salary benchmark provider to ensure our rewards are market competitive. We also provide a flexible benefits portal where employees can select tailored benefits which suit the varied needs of our employee base and their different stages of life.

We foster a culture of inclusion and are an equal opportunity employer operating a zero tolerance to discriminative practices. We provide inclusion training and review our recruitment approach to ensure that there is fair access for all applicants with special provisions provided for any potential employee who may need enhanced support. Our Diversity and Inclusion strategy has been enhanced by the forming of employee representative groups to represent groups that have traditionally been underrepresented in decision making. These are voluntary, employee-led groups that foster a diverse, inclusive workplace aligned with our mission, values, goals, business practices, and objectives.

## Strategic Report (Continued)

We have an established Women's Network and more recently an LGBT+ and Young Professionals network have formed. In the year ending 31<sup>st</sup> March 2020, as part of International Women's day we launched an Ally programme with a companywide education programme which challenged unconscious bias and the importance of being an ally.

We conduct annual gender pay gap reporting and as well as communicating this externally, this is shared internally with an associated action plan to ensure year on year improvement.

We also have a Konica Minolta Ethical code of conduct and ensure that all employees review this annually. This is delivered utilising examples that align to day to day business decision making.

In the year ending 31<sup>st</sup> March 2020, we enhanced our employee wellbeing programmes to address environmental well-being, physical well-being, social well-being and physiological well-being. This includes promoting external assistance programmes and running educational events.

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### Corporate Social Responsibility & Environment

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We integrate environmental, economic and social perspectives into our business strategies, so that our business activities are implemented in harmony with human lives, and with the environment. We are committed to acting with integrity in our business dealings and take steps to ensure transparency in both our own business, and the businesses in our supply chain.

We provide volunteer opportunities and fundraising activities for all employees providing a way that people can give their time and money to causes they chose. We have an annual partnership with the mental health charity Mind selected in the year ending 31<sup>st</sup> March 2020 to align to our enhanced focus on the physiological well-being of our employees. Through this partnership we have had access to their resources and extended this to our employees.

By working together with our suppliers to address respect for human rights within our procurement and production operations, we enable our customers to purchase products with peace of mind.

With respect to CSR procurement, we support suppliers, for example by training their internal assessors. This facilitates the identification and improvement of issues through CSR assessments and audits, using a self-assessment questionnaire to help suppliers achieve their independent initiatives.

We strive to make improvements to our supply chain through assessments and audits based on our Supplier Code of Conduct, which sets out the minimum standards of behaviour we require of our suppliers. The Code is based on recognised international standards, principals and best practices, and complies with the Electronic Industry Citizen Coalition (EICC) Code of Conduct. We ask our suppliers not just to comply with this Code, but to use all reasonable endeavours to exceed it, and promote best practice and continual improvement throughout their business operations.

We recognise our responsibility, as defined by the Modern Slavery Act 2015, and are committed to positively contributing to society through building on a strong foundation of good corporate citizenship. We have a zero-tolerance approach to modern slavery and human trafficking, and do not support or deal with any business that is involved in either.

We support the communities within which we, and our respective customers, operate. To this end, we support a number of community programmes including Enterprise Skills Careers Education Programme, Skills Careers Fairs, and National Women in Engineering Day, Essex Skills Board Tutor CPD, Essex Education and Industry STEM Programme. In the year ending 31<sup>st</sup> March 2020 we agreed to support a new initiative in Basildon where our operational hub is located. This Essex Local Delivery Pilot (LDP) is a new and exciting initiative, led by Active Essex, to build healthier, more active communities across Essex. We are the only private company involved with the initiative.

## Strategic Report (Continued)

### Energy and Emissions Report

The reporting period is 1<sup>st</sup> April 2019 – 31<sup>st</sup> March 2020, corresponding with the company financial period. This is the first year of reporting under SECR and forms the base year for reporting. No changes in emissions is therefore reported at this time.

Activities relating to travel are limited to company owned vehicles and employee owned vehicles on business use. A number of hybrid petrol vehicles are in use within this fleet.

HM Government *Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2019)* has been used for the collation of data sources and reporting of emissions. *UK Government GHG Conversion Factors for Company Reporting* has been used for the reporting of emissions, using the 2019 version.

Measurements include mandatory scope 1, 2 and 3 emissions. Estimates have been used for rented properties with a pro-rata calculation based on FTE's located at each office. For intensity measurements, the metric chosen for reporting is gross scope 1, 2, and 3 emissions in tonnes of CO<sub>2</sub>e per employee for our operations as this is closely matched to our business operation. The intensity measurement will be reported each year with comparison made against previous year to highlight performance. There are no data exclusions in this reporting period.

In the first reporting year, any activities to improve energy use and reduce emissions will not have quantitative data to measure the positive environments impact. Any activity with a positive outcome will be incidental, with its overall impact not measurable.

SCOPE 1 CO <sub>2</sub> e (tonnes)	% estimated	2019-2020
Gas consumption	0	129.21
Owned transport	0	1,447.03
Fugitive emissions	0	5.92
<b>Total</b>	<b>0</b>	<b>1,582.16</b>

SCOPE 2 CO <sub>2</sub> e (tonnes)	% estimated	2019-2020
<b>Total</b>	<b>0</b>	<b>262.26</b>

SCOPE 3 CO <sub>2</sub> e (tonnes)	% estimated	2019-2020
Fuel and energy related activities not included in Scopes 1 & 2 above	0	22.27
Business travel activity: private vehicles, rental car trips.	0	900.90
<b>Total</b>	<b>0</b>	<b>923.17</b>

Intensity Metric (Gross emissions)	Exclusions	
Scope 1, 2, 3 emissions / employee	Exclusions as above	2.866

Gross emissions (tonnes CO <sub>2</sub> e)	2019-2020
Scope 1, Scope 2, Scope 3	2,767.59
Offsets	262.26
<b>Total</b>	<b>2,505.33</b>

## Strategic Report (Continued)

Intensity Metric (Net emissions)	2019-2020
Net Scope 1, 2, 3 emissions / employee	2.595

During the 2019 to 2020 financial period the following energy efficiency improving measures have been carried out:

### Replacement equipment

Where replacement equipment is sourced, energy efficiency is considered as one of the criteria when making a purchase.

At the start of the financial year, lighting in the warehouse at Basildon was upgraded to LED. These units typically reduce energy consumption by over 50% for each incandescent fitting replaced, with improvements in consumption being made when replacing fluorescent fittings.

### Travel minimisation

There has been an increased number of service calls which have been dealt with remotely. In this reporting period, this has risen from 19% to 25%, resulting in less on-site visits and therefore reduced emissions.

With an increase in the use of remote working practices in the latter stage of the reporting period, this trend is likely to increase.

### Fleet optimisation

Konica Minolta engages with drivers during fleet vehicle trials and selection to make sure it has the right vehicles available for the job. Another benefit has been reporting over CO<sub>2</sub> emissions.

Cars in the company's fleet have an average of 107 gCO<sub>2</sub>/km emissions, while private cars in the cash for car scheme typically have emissions of 139 gCO<sub>2</sub>/km. This information is used alongside driver feedback to influence buying decisions.

## Political and charitable donations

The Company's Charities' Committee is comprised of colleagues from various parts and levels of the Group. In the financial year, the company decided to support one charity, Mind. This was in direct response to growing awareness amongst the company employee base around mental health. The Charities Committee organises a range of activities that colleagues can participate in to raise money for our charity partner. The Company made £1,766 of charitable donations during the year (2019: £22,387). Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2019: £nil).

## Section 172(1) statement

The directors of large organisations like Konica Minolta Business Solutions UK Ltd are required by law to consider a range of factors when making decisions, and to make a clear statement about how they have done that.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment, and
- the desirability of the Company maintaining a reputation for high standards of business conduct,
- Strategic Report (Continued)

## Strategic Report (Continued)

The Directors also took into account the views and interests of a wider set of stakeholders, including our pensioners, regulators, the Government, and non-governmental organisations.

Considering this broad range of interests is an important part of the way the Board makes decisions, although in balancing those different perspectives it won't always be possible to deliver everyone's desired outcome.

The Board will often engage directly with certain stakeholders on certain issues.

The Board considers and discusses information from across the organisation to help it understand the impact of Konica Minolta's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

### Employee Engagement

The board regularly engage and communicate with employees. The company runs regular pulse surveys to gain a temperature check on engagement and to gain an understanding and respond to employee needs quickly. Alongside this this we have launched many two way communication channels including Yammer, MS Teams and a New European Intranet platform to ensure employees are kept aware of what's happening in the business and can provide feedback and share their own news and updates. At the end of each quarter we share an update video outlining business performance and what action we will take in response. We hold communication events twice yearly to connect all colleagues to our business purpose and objectives. This includes question and answer sessions with the board.

### Developing strategic supplier relationships to improve process efficiency and reduce operating cost

During the Financial Year the board considered a project to outsource areas of Finance and Customer Operations to GenPact in Hyderabad, India. In reaching this decision, the board considered and engaged with a number of impacted stakeholders including Public Sector procurement Frameworks, Major Customers, directly and indirectly impacted employees and Suppliers. A full feasibility study was conducted with Genpact to support the decision to move forwards with the project and employees directly impacted by the proposal entered a collective consultation process where they had the chance to put forward counter proposals to mitigate the potential impact of proposed redundancies.

By order of the board,

DocuSigned by:

Lars Worzner

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Lars Worzner  
Director

Date: 25-03-2021

Konica House  
Miles Gray Road  
Basildon  
Essex

## Directors' report

The Directors present their Directors' report and financial statements for the year ended 31 March 2020.

### Proposed dividend

The loss for the financial year of £8.2 million (2019: loss of £4.5 million) has been transferred to reserves. The directors do not propose the payment of a dividend for the year (2019: £nil).

### Directors

The directors who held office between the start of the financial year and the date of the signing of the accounts were as follows:

K Okamoto

M Tierney (resigned on 1 June 2020)

K Tsukamoto (resigned 20 January 2021)

L Worzner

C Bland (resigned on 24 June 2020)

R Ferris (appointed on 1 June 2020)


### 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.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

DocuSigned by:  
  
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**Lars Worzner**

Director

Date: 25-03-2021

Konica House  
Miles Gray Road  
Basildon  
Essex  
SS14 3AR

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the group's 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 AUDITOR'S REPORT TO THE MEMBERS OF KONICA MINOLTA BUSINESS SOLUTIONS (UK) LIMITED

### Opinion

We have audited the financial statements of Konica Minolta Business Solutions (UK) Limited ("the company") for the year ended 31 March 2020 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**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**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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

**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: 26 March 2021

Konica Minolta Business Solutions (UK) Limited  
Annual report and consolidated financial statements  
For the year ended 31 March 2020

**Consolidated Profit and Loss Account**  
*for the year ended 31 March 2020*

	Note	2020 £000	2019 £000
<b>Turnover</b>	2	165,211	179,712
Cost of sales		(110,356)	(113,398)
<b>Gross profit</b>		54,855	66,314
Distribution costs		(41,353)	(41,685)
Administrative expenses		(21,120)	(30,422)
<b>Group operating loss</b>	3	(7,618)	(5,793)
Loss on disposal of fixed assets		(81)	(254)
Other interest receivable and similar income	7	58	146
Other finance expenses from defined benefit pension scheme	7,8	(445)	(420)
Interest income/(payable) and similar charges	8	7	(38)
<b>Loss before taxation</b>		(8,079)	(6,359)
Taxation for the year	9	(163)	1,818
<b>Loss for the financial year</b>		(8,242)	(4,541)
<i>Loss attributable to</i>			
Shareholders of the parent company		(8,242)	(4,541)
<b>Total loss</b>		(8,242)	(4,541)

The financial results above derive from continuing activities.

The accompanying notes on pages 21 to 42 form an integral part of these financial statements.

**Consolidated Other Comprehensive Income**  
*for year ended 31 March 2020*

	<i>Note</i>	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
<b>Loss for the year</b>		<b>(8,242)</b>	<b>(4,541)</b>
<b>Other comprehensive income</b>			
Remeasurement of the net defined benefit liability/(asset)	19	(483)	(2,205)
Prior year corporation tax adjustments		20	-
Prior year deferred tax adjustment		110	(1,646)
Other unrecognised (losses)/gains		(227)	190
<b>Other comprehensive loss for the year, net of income tax</b>		<b>(580)</b>	<b>(3,661)</b>
<b>Total comprehensive loss for the year</b>		<b>(8,822)</b>	<b>(8,202)</b>
<i>Total comprehensive loss attributable to Shareholders of the parent company</i>		<b>(8,822)</b>	<b>(8,202)</b>
		<b>(8,822)</b>	<b>(8,202)</b>

The accompanying notes on pages 21 to 42 forms an integral part of these financial statements.

Konica Minolta Business Solutions (UK) Limited  
Annual report and consolidated financial statements  
For the year ended 31 March 2020

**Consolidated Balance Sheet**  
*at 31 March 2020*

	Note	2020	2019
		£000	£000
<b>Fixed assets</b>			
Intangible assets	11	9,718	11,308
Tangible assets	12	5,141	4,735
		<u>14,859</u>	<u>16,043</u>
<b>Current assets</b>			
Stocks	14	8,219	12,803
Debtors	15	73,577	88,291
Deferred tax asset	10	6,568	5,824
Cash at bank and in hand		3,564	10,704
		<u>91,928</u>	<u>117,622</u>
Creditors: amounts falling due within one year	16	(45,538)	(59,938)
<b>Net current assets</b>		<u>46,390</u>	<u>57,684</u>
<b>Total assets less current liabilities</b>		<u>61,249</u>	<u>73,727</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(2,764)	(3,869)
<b>Provisions for liabilities</b>	18	(527)	(1,362)
<b>Deferred tax liability</b>	10	(336)	(222)
<b>Pensions and similar obligations</b>	19	(18,374)	(20,204)
		<u>(22,001)</u>	<u>(25,657)</u>
<b>Net assets</b>		<u>39,248</u>	<u>48,070</u>
<b>Capital and reserves</b>			
Called up share capital	20	21,000	21,000
Profit and loss account		18,248	27,070
Equity attributable to the parent's shareholders		39,188	48,070
<b>Shareholders' funds</b>		<u>39,248</u>	<u>48,070</u>

The accompanying notes on pages 21 to 42 forms an integral part of these financial statements.

These financial statements were approved by the board of directors on and were signed on its behalf by:

DocuSigned by:

*Lars Worzner*

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**Lars Worzner**

Director

Company registered number: 1132885

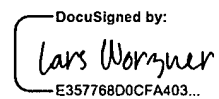
25-03-2021

**Company Balance Sheet**  
*at 31 March 2020*

	Note	2020	2019
		£000	£000
<b>Fixed assets</b>			
Intangible assets	11	2,661	3,101
Tangible assets	12	4,940	4,588
Investments	13	15,794	15,794
		<u>23,395</u>	<u>23,483</u>
<b>Current assets</b>			
Stocks	14	8,207	12,758
Debtors	15	75,449	89,623
Deferred tax asset	10	5,935	5,579
Cash at bank and in hand		2,693	9,600
		<u>92,284</u>	<u>117,560</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(51,635)</u>	<u>(68,451)</u>
<b>Net current assets</b>		<u>40,649</u>	<u>49,109</u>
<b>Total assets less current liabilities</b>		<u>64,044</u>	<u>72,592</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(3,014)</u>	<u>(3,051)</u>
<b>Provisions for liabilities</b>	18	<u>(527)</u>	<u>(1,362)</u>
<b>Deferred tax liability</b>	10	<u>-</u>	<u>-</u>
<b>Pensions and similar obligations</b>	19	<u>(18,374)</u>	<u>(20,204)</u>
		<u>(21,915)</u>	<u>(24,617)</u>
<b>Net assets</b>		<u>42,129</u>	<u>47,975</u>
<b>Capital and reserves</b>			
Called up share capital	20	21,000	21,000
Profit and loss account		21,129	26,975
Equity attributable to the parent's shareholders		42,129	47,975
<b>Shareholders' funds</b>		<u>42,129</u>	<u>47,975</u>

The accompanying notes on pages 21 to 42 forms an integral part of these financial statements.

These financial statements were approved by the board of directors on and were signed on its behalf by:

DocuSigned by:  
  
E357768D0CFA403...

**Lars Worzner**  
Director  
Company registered number: 1132885  
25-03-2021

Konica Minolta Business Solutions (UK) Limited  
Annual report and consolidated financial statements  
For the year ended 31 March 2020

## Consolidated Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2018	21,000	35,272	56,272
Loss for the year	-	(4,541)	(4,541)
Other comprehensive loss	-	(3,661)	(3,661)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(8,202)</b>	<b>(8,202)</b>
<b>Balance at 31 March 2019</b>	<b>21,000</b>	<b>27,070</b>	<b>48,070</b>

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2019	21,000	27,070	48,070
Loss for the year	-	(8,242)	(8,242)
Other comprehensive loss	-	(580)	(580)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(8,822)</b>	<b>(8,822)</b>
<b>Balance at 31 March 2020</b>	<b>21,000</b>	<b>18,248</b>	<b>39,248</b>

The accompanying notes on pages 21 to 42 forms an integral part of these financial statements.

## Company Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2018 ( <i>restated</i> )	21,000	33,599	54,599
Loss for the year	-	(2,851)	(2,851)
Other comprehensive loss	-	(3,773)	(3,773)
<b>Total comprehensive income for the year</b>	-	(6,624)	(6,624)
Balance at 31 March 2019	21,000	26,975	47,975

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2019	21,000	26,975	47,975
Loss for the year	-	(5,266)	(5,266)
Other comprehensive income	-	(580)	(580)
<b>Total comprehensive income for the year</b>	-	(5,846)	(5,846)
Balance at 31 March 2020	21,000	21,129	42,129

The accompanying notes on pages 21 to 42 forms an integral part of these financial statements.

## Consolidated Cash Flow Statement

for year ended 31 March 2020

	2020	2019
	£000	£000
<b>Cash flows from operating activities</b>		
Loss for the year	(8,242)	(4,541)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	4,109	4,103
Unrealised foreign exchange losses	10	11
Interest receivable	7 (3,069)	(3,092)
Interest payable	8 3,463	3,512
Past service costs		2,315
Loss on disposal of tangible assets	81	254
Taxation for the year	163	(1,818)
	<b>(3,485)</b>	<b>744</b>
Decrease/ (Increase) in Stocks	4,584	(9,135)
Decrease/ (Increase) in Trade and other debtors	14,375	(22)
(Decrease)/ Increase in provisions	(835)	1,014
(Decrease)/ Increase in Trade and other creditors	(15,626)	14,319
	<b>2,498</b>	<b>6,176</b>
Tax paid	(343)	(601)
Interest paid	(7)	(6)
	<b>(350)</b>	<b>(607)</b>
<b>Net cash from operating activities</b>	<b>(1,337)</b>	<b>6,313</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(2,982)	(2,525)
Pension Contributions	(2,856)	(2,856)
Proceeds from sale of tangible assets	-	66
Interest received	58	146
Acquisition of intangible assets	(23)	(232)
	<b>(5,803)</b>	<b>(5,401)</b>
<b>Cash flows from investing activities</b>		
Net (decrease)/ increase in cash and cash equivalents	(7,140)	912
Cash and cash equivalents at beginning of period	10,704	9,792
<b>Cash and cash equivalents at the end of the year</b>	<b>3,564</b>	<b>10,704</b>

The accompanying notes on pages 21 to 42 forms an integral part of these financial statements.

## Notes

*(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.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014.

The presentation currency of these financial statements is prominently sterling.

All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company, and consolidated financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### *Going concern*

Notwithstanding the loss for the year of £8,302k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

In March 2020 the World Health Organization declared a global pandemic and current trading has been impacted by COVID-19 and the travel restrictions introduced by Governments globally. In light of this, the directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements, which indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period. The directors have also prepared a severe but plausible downside forecast, which aligns the forecast with trading levels experienced during lockdown. This indicates that in certain months the company may need to access the support available under the inter-group treasury facility. This facility has a limit of £14.5m and as of the end February 2021 the Group had cash on hand of £3.1m, and used £3.6m of the facility.

These financial statements have been prepared on the basis that the company's parent company, Konica Minolta Inc, will continue to make available the £14.5m inter-group facility noted above, which it has indicated that it will do for a period of at least 12 months from signing these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of the forecasts prepared and the availability of the group treasury facility, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2020. 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.

## Notes (continued)

### Accounting policies (continued)

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

### 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.

### Goodwill

Purchased goodwill 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.

### 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 UK GAAP. Service revenue generated from metered copy contracts with customers is recognised on an accruals basis. Revenue for other value added services is recognised after the services have been provided. All revenues are stated after deducting returns, allowances and sales taxes.

### Intangible fixed assets and amortisation

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired

These are amortised on a straight line basis over their estimated useful lives which are as follows:

Goodwill	10 years
----------	----------

## Notes (continued)

### 1 Accounting policies (continued)

#### Tangible fixed assets and depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	50 years
Leasehold improvements	3 – 17 years
Rental machines	1 – 5 years
Computer equipment	3 – 4 years
Plant and equipment	4 – 10 years
Motor vehicles	4 years

#### 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.

#### Leases to Customers

The fair value (net of provision), is detailed in the Balance Sheet as a Finance lease receivable within Debtors. Rental income is apportioned between the reduction of the debtor and interest receivable to give a constant periodic rate of return on the net cash investment.

#### Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### Basic financial instruments

##### Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## 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*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 1 Accounting policies (continued)

#### Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

### 2 Turnover

	2020 £000	2019 £000
Sale of goods	67,536	90,596
Rendering of services	97,675	89,116
<b>Total turnover</b>	<b>165,211</b>	<b>179,712</b>

All revenue is generated in the United Kingdom.

### 3 Loss before taxation

	2020 £000	2019 £000
<i>This is stated after charging / (crediting)</i>		
Depreciation:		
Depreciation of owned assets	2,496	2,518
Loss on disposal of tangible fixed assets	81	254
Amortisation	1,613	1,585
Operating lease rental payments:		
Plant and machinery	1,881	2,267
Other	1,919	1,651
Rental receipts	(3,181)	(2,859)
Foreign currency gains/ losses	10	4

**Notes (continued)****4 Expenses and auditor's remuneration****Auditor's remuneration:**

	2020 £000	2019 £000
Audit of these financial statements	304	308
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	9	9
Taxation compliance services	45	55
	<b>358</b>	<b>372</b>

**5 Staff numbers and costs**

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

	Number of employees	
	2020	2019
Management	36	43
Administration	579	646
Marketing and service	484	497
	<b>1,099</b>	<b>1,186</b>

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

	£000	£000
Wages and salaries	43,996	50,096
Social security costs	5,259	5,724
Other pension costs	1,765	1,735
	<b>51,020</b>	<b>57,555</b>

**6 Directors' remuneration**

	2020 £000	2019 £000
Directors' remuneration	477	623
	<b>477</b>	<b>623</b>

The aggregate of remunerations and amounts receivable under long term incentive schemes of the highest paid director was £347k (2019: £371,821), and company pension contributions of £Nil (2019: £Nil) were made to a money purchase scheme on his behalf.

**Notes (continued)****7 Other interest receivable and similar income**

	2020 £000	2019 £000
Other interest receivable	58	146
Interest income on pension scheme assets	3,011	3,092
	<u>3,069</u>	<u>3,238</u>

**8 Interest payable and similar charges**

	2020 £000	2019 £000
On finance leases and hire purchase contracts	7	38
Interest on pension scheme liabilities	3,456	3,512
	<u>3,463</u>	<u>3,550</u>

**9 Taxation**

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2020 £000	£000	2019 £000	£000
<i>Current tax</i>				
Current tax on income for the period	-		(1,057)	
Adjustments in respect of prior periods	683		-	
Total current tax		<u>683</u>		<u>(1,057)</u>
<i>Deferred tax (see note 10)</i>				
Origination and reversal of timing differences	(4)		(761)	
Adjustments in respect of prior periods	129		-	
Effect of tax rate change on opening balance	(645)			
Total deferred tax		<u>(520)</u>		<u>(761)</u>
Total tax charge/(credit)		<u>163</u>		<u>(1,818)</u>

**Notes (continued)****9 Taxation (continued)****Reconciliation of effective tax rate**

	2020 £000	2019 £000
(Loss)/profit for the year	(8,242)	(4,541)
Total tax expense/(credit)	163	(1,818)
(Loss)/profit excluding taxation	(8,079)	(6,359)
Tax using the UK corporation tax rate of 19% (2019: 19 %)	(1,535)	(1,208)
Effects of:		
Difference between depreciation and capital allowances	83	114
Expenses not deductible for tax purposes	253	251
Amounts charged directly to OCI or otherwise transferred	(110)	(53)
Adjustments in respect of prior periods – current tax	683	(1,057)
Adjustments in respect of prior periods – deferred tax	129	-
Remeasurement of deferred tax for changes in tax rates	(645)	-
Deferred tax (charged)/credited directly to OCI	110	-
Deferred tax not recognised	1,195	-
Impact of change in corporate tax rate	-	143
Other tax adjustments, reliefs and transfers	-	(8)
Total tax expense/(credit)	163	(1,818)

**Factors affecting the future tax charge**

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2020 has been calculated based on these rates.

A deferred tax of £1,194k (2019: £nil) relating to unrelieved tax losses has not been recognised in the accounts due to uncertainty surrounding future profits.

## Notes (continued)

### 10 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances –	(1,062)	(1,129)	-	-	(1,062)	(1,129)
Intangibles	-	-	336	222	336	222
Employee benefits	(3,433)	(3,435)	-	-	(3,433)	(3,435)
Short term timing differences	(109)	(109)	-	-	(109)	(109)
Losses and other deductions	(1,964)	(1,151)	-	-	(1,964)	(1,151)
Net tax (assets) / liabilities	(6,568)	(5,824)	336	222	(6,232)	(5,602)

Company	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	(1,030)	(1,103)	-	-	(1,030)	(1,103)
Employee benefits	(3,433)	(3,435)	-	-	(3,433)	(3,435)
Short term timing differences	(108)	(109)	-	-	(108)	(109)
Losses and other deductions	(1,364)	(932)	-	-	(1,364)	(932)
Intangibles	-	-	-	-	-	-
Net tax (assets) / liabilities	(5,935)	(5,579)	-	-	(5,935)	(5,579)

The Group made an assessment of taxable profits that would be available in the future against which unused tax losses could be used. The key assumptions used in this assessment were (growth rate, margin, forecast of 6 years). Based on this assessment, deferred tax assets have not been recognised in respect of unused tax losses amounting to £6,288k (Deferred tax asset not recognised of £1,194k).

## 11 Intangible fixed assets

Group	Customer Relationship £000	Goodwill £000	Software £000	Total £000
<i>Cost</i>				
At beginning of year	2,804	20,924	1,493	25,221
Additions	-	-	23	23
Disposals	-	-	-	-
At end of year	2,804	20,924	1,516	25,244
<i>Amortisation</i>				
At beginning of year	747	11,947	1,219	13,913
Charge for year	288	1,236	89	1,613
On disposals	-	-	-	-
At end of year	1,035	13,183	1,308	15,526
<i>Net book value</i>				
At 31 March 2020	1,769	7,741	208	9,718
At 31 March 2019	2,057	8,977	274	11,308

## Notes (continued)

### 11 Intangible fixed assets (continued)

#### Company

	Goodwill	Software	Total
	£000	£000	£000
<b>Cost</b>			
At beginning of year	5,827	1,193	7,020
Additions	-	24	24
Disposals	-	-	-
At end of year	5,827	1,217	7,044
<b>Amortisation</b>			
At beginning of year	2,954	965	3,919
Charge for year	396	68	464
On disposals	-	-	-
At end of year	3,350	1,033	4,383
<b>Net book value</b>			
At 31 March 2020	2,477	184	2,661
At 31 March 2019	2,873	228	3,101

**Notes (continued)****12 Tangible fixed assets****Group**

	Freehold land and buildings £000	Short leasehold property and improvements £000	Plant and equipment £000	Rental machines £000	Total £000
<b>Cost</b>					
At beginning of year	53	3,330	7,879	9,502	20,764
Additions	-	5	457	2,520	2,982
Disposals	-	-	(100)	(398)	(498)
At end of year	53	3,335	8,236	11,624	23,248
<b>Depreciation</b>					
At beginning of year	2	3,030	6,197	6,800	16,029
Charge for year	1	99	799	1,597	2,496
On disposals	-	-	(97)	(321)	(418)
At end of year	3	3,129	6,899	8,076	18,107
<b>Net book value</b>					
At 31 March 2020	50	206	1,337	3,548	5,141
At 31 March 2019	51	300	1,682	2,702	4,735

**Company**

	Freehold land and buildings £000	Short leasehold property and improvements £000	Plant and equipment £000	Rental machines £000	Total £000
<b>Cost</b>					
At beginning of year	53	3,305	7,425	9,502	20,285
Additions	-	(3)	303	2,520	2,820
Disposals	-	-	(100)	(398)	(498)
At end of year	53	3,302	7,628	11,624	22,607
<b>Depreciation</b>					
At beginning of year	2	3,010	5,885	6,800	15,697
Charge for year	1	97	693	1,597	2,388
On disposals	-	-	(97)	(321)	(418)
At end of year	3	3,107	6,481	8,076	17,667
<b>Net book value</b>					
At 31 March 2020	50	195	1,147	3,548	4,940
At 31 March 2019	51	295	1,540	2,702	4,588

**Notes (continued)****13 Fixed asset investments****Company**

	<b>£000</b>
<i>Cost</i>	
At beginning and end of year	15,794
Additions	-
At end of year	15,794
<i>Provisions</i>	
At beginning and end of year	-
<i>Net book value</i>	
At 31 March 2020	15,794
At 31 March 2019	15,794

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>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>	<i>Registered office address*</i>
Konica Minolta Business Solutions East Limited	Business and marketing and servicing products distributed by the Company	100% ordinary "A" shares of £1	A
Konica Minolta Business Solutions (Wales) Limited	Dormant	100% ordinary "B" shares of £1	B
ProcessFlows Holdings Limited	Holding Company	100% ordinary shares of £1	C
ProcessFlows (UK) Limited	Provider of technology and services for the capture, processing, management and delivery of documents, information, voice and data.	100% ordinary "A" shares of £1	C
Konica Minolta Business Solutions (Northern Scotland) Limited	Holding Company	100% ordinary "A" shares of £1	D
Capture Imaging Limited	Sale, rental and service of photocopiers, printers and document management systems.	100% ordinary "B" shares of £1	D

**\* Registered addresses:**

**A:** 2 Orchard Way, Calladine Park, Sutton In Ashfield, NG17 1JU.

**B:** Konica House, Miles Gray Road, Basildon, Essex, SS14 3AR.

**C:** Gateway House Tollgate, Chandler's Ford, Southampton, SO53 3TG.

**D:** 49-51 Ann Street, Aberdeen, Scotland, AB25 3LH.

All subsidiary companies are wholly owned and are consolidated into the Group financial statements.

**Notes (continued)****14 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Finished goods and goods for resale	<b>8,219</b>	<b>12,803</b>	<b>8,207</b>	<b>12,758</b>

The value of inventory impairments recognised as an expense in the year was £172k (2019: £70k) due to a release in the value of the provision.

**15 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Debtors:</b>				
Trade debtors	<b>49,674</b>	<b>46,455</b>	<b>47,480</b>	<b>44,178</b>
Amounts owed by group undertakings:				
- Parent and fellow group undertakings	<b>804</b>	<b>1,984</b>	<b>4,708</b>	<b>5,929</b>
- Subsidiary undertakings	<b>-</b>	<b>(1)</b>	<b>2,859</b>	<b>1,773</b>
Other debtors	<b>6,837</b>	<b>179</b>	<b>6,270</b>	<b>179</b>
Loans Receivable	<b>-</b>	<b>23,692</b>	<b>-</b>	<b>23,692</b>
Prepayments and accrued income	<b>13,231</b>	<b>13,354</b>	<b>11,101</b>	<b>11,244</b>
Corporation tax receivable	<b>2,289</b>	<b>2,628</b>	<b>2,289</b>	<b>2,628</b>
Finance Lease	<b>742</b>	<b>-</b>	<b>742</b>	<b>-</b>
	<b>73,577</b>	<b>88,291</b>	<b>75,449</b>	<b>89,623</b>
Due within one year	<b>72,330</b>	<b>64,564</b>	<b>71,545</b>	<b>61,985</b>
Due after more than one year	<b>1,247</b>	<b>23,727</b>	<b>3,904</b>	<b>27,639</b>
	<b>73,577</b>	<b>88,291</b>	<b>75,449</b>	<b>89,623</b>

**16 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Obligations under finance leases and hire purchase contracts	<b>34</b>	<b>-</b>	<b>34</b>	<b>-</b>
Trade creditors	<b>5,119</b>	<b>10,064</b>	<b>4,853</b>	<b>10,476</b>
Amounts owed to group undertakings:				
- parent company and fellow group undertakings	<b>5,950</b>	<b>23,272</b>	<b>7,129</b>	<b>23,677</b>
- subsidiary undertakings	<b>-</b>	<b>(430)</b>	<b>10,950</b>	<b>12,103</b>
Other creditors	<b>6,123</b>	<b>-</b>	<b>6,123</b>	<b>-</b>
Corporation tax payable	<b>222</b>	<b>-</b>	<b>-</b>	<b>-</b>
Taxation and social security	<b>7,646</b>	<b>6,851</b>	<b>7,285</b>	<b>6,643</b>
Accruals and deferred income	<b>17,066</b>	<b>20,181</b>	<b>11,883</b>	<b>15,552</b>
Loan Payable	<b>3,378</b>	<b>-</b>	<b>3,378</b>	<b>-</b>
	<b>45,538</b>	<b>59,938</b>	<b>51,635</b>	<b>68,451</b>

## Notes (continued)

### 17 Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	£000	£000	£000	£000
Obligations under finance leases and hire purchase contracts	-	37	-	37
Amounts owed to fellow subsidiary undertaking	2,764	2,764	3,014	3,014
Accruals and deferred income	-	1,068	-	-
	<u>2,764</u>	<u>3,869</u>	<u>3,014</u>	<u>3,051</u>

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

	Group	Group	Company	Company
	2020	2019	2020	2019
	£000	£000	£000	£000
Within one year	34	37	34	37
In the second to fifth years	-	-	-	-
	<u>34</u>	<u>37</u>	<u>34</u>	<u>37</u>

Hire purchase liabilities are secured against the assets to which they relate. The Company has access to a rolling group loan facility of £14.5 million. As at 31 March 2020, there were no loans drawn under this facility, but it is still available to the Company to support any future business needs.

## Notes (continued)

### 18 Provisions

Group	Dilapidation on premises £000	Provision for restructuring £000	Total £000
At beginning of year	620	742	1,362
Provisions made during the year	221	-	221
Provisions used during the year	(314)	(742)	(1,056)
<b>At end of year</b>	<b>527</b>	<b>-</b>	<b>527</b>

The Company holds a provision for dilapidations on premises that are due to be vacated. The Company is negotiating with the landlords to finalise the dilapidations.

Company	Dilapidation on premises £000	Provision for restructuring £000	Total £000
At beginning of year	620	742	1,362
Provisions made during the year	221	-	221
Provisions used during the year	(314)	(742)	(1,056)
<b>At end of year</b>	<b>527</b>	<b>-</b>	<b>527</b>

### 19 Employee benefits

#### Group and Company

During the year ended 31 March 2020, 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 FRS102 actuarial valuation was carried out as at 30 September 2017 by a qualified independent actuary and rolled forward to 31 March 2020.

#### Net pension (liability)/asset

	2020 £000	2019 £000
Defined benefit obligation	(138,663)	(147,876)
Plan assets	120,289	127,672
<b>Net pension liability</b>	<b>(18,374)</b>	<b>(20,204)</b>

**Notes (continued)****19 Employee benefits (continued)***Movements in present value of defined benefit obligation*

	2020	2019
	£000	£000
At the beginning of the period	147,875	141,417
Interest expense	3,456	5,827
Remeasurement: actuarial (gain)/losses	(8,577)	-3,897
Benefits paid	(4,091)	(3,265)
At the end of the period	138,663	147,876

*Movements in fair value of plan assets*

	2020	2019
	£000	£000
At the beginning of the period	127,673	121,949
Expected return on plan assets	3,011	3,092
Contributions by employer	2,856	4,655
Actuarial (losses)/ gain	(9,160)	1,241
Benefits paid	(4,091)	(3,265)
At the end of the period	120,289	127,672

This section of the plan is closed to new entrants. The Scheme is closed to future accrual, and accordingly there is no annual service cost.

*Analysis if the amount is included in other finance expenses*

	2020	2019
	£000	£000
Expected return on pension scheme assets	3,011	3,092
Interest on pension liabilities	(3,456)	(3,512)
Past service costs	-	(2,315)
Other finance expenses	(445)	(2,735)

The past service costs for the period of £nil (2019: £2,315K) relates to the estimated increase in the plan's liabilities due to the requirement to equalise Guaranteed Minimum Pension (GMP).

## Notes (continued)

### 19 Employee benefits (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2020 Fair value %	2019 Fair value %
Equities	43	47
Diversified growth funds	23	22
Corporate bonds	20	15
Property	14	16
Cash	-	-
Actual return on plan assets	(9,160)	1,241

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2020 %	2019 %
Discount rate	2.31	2.37
Future salary increases	3.77	4.17
Pension increase in payments rate	2.75	3.20
Inflation assumption after members' retirement (RPI)	2.80	3.40
Inflation assumption after members' retirement (CPI)	1.80	2.40
Inflation assumption before members' retirement (CPI)	1.77	2.17

#### Mortality Assumptions

Pre-retirement	AxC00
Post-retirement	S2PxA

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.2 years (male), 23.3 years (female).
- Future retiree upon reaching 65: 23.9 years (male), 24.9 years (female).

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

The Trustees hold insured annuity policies in respect of a number of members of the Plan. At 31 March 2020, the value placed on these annuities was £1,400k (2019: £1,437k). These annuities are assumed to exactly match the corresponding liability under the Plan and the value of these annuities has been included in both the assets and the liabilities shown below. The sponsor's best estimate of contributions to be paid in the year following 31 March 2020 is £1,666k (2019: £2,618k). The actual return on scheme assets in the year was (£9,160) (2018: £1,241k).

## Notes (continued)

### 19 Employee benefits (continued)

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

	2020 £000	2019 £000
Actual return less Interest income on scheme assets	(9,160)	1,241
Experience gains/(losses) arising on scheme liabilities	1,520	(406)
Changes in assumptions underlying the present value of scheme liabilities	7,058	(3,492)
Movement in deferred tax	99	452
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	(483)	(2,205)

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

The Group made contributions of £2,856k (2019: £4,655k) 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 the date of the scheme closure.

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 FRS102 '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 £445k (2019: £421k).

##### Defined contribution scheme

For staff previously not eligible to join the defined benefit pension scheme and for all qualifying staff from 1 March 2003 the Company and Group operates a defined contribution scheme and a NEST (National Employment Savings Trust), has been in force since January 2014.

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

##### Defined contribution costs:

	2020 £000	2019 £000
Defined contribution scheme	1,568	980
NEST contribution scheme	363	530
	1,931	1,510

Accrued and outstanding defined contribution costs at the period end amounted to £Nil (2019: £81k). NEST contributions costs were £61k (2019: £17k).

## Notes (continued)

### 20 Capital and reserves

#### Share capital

	2020 £000	2019 £000
<i>Allotted, called up and fully paid</i>		
21,000 ordinary shares of £1 each	21,000	21,000
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	21,000	21,000
	21,000	21,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2020 Land and buildings £000	Other £000	2019 Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	1,760	1,176	1,663	1,856
In the second to fifth years inclusive	4,868	658	4,403	1,358
Over five years	1,707	-	1,886	-
	8,335	1,834	7,952	3,214
Company	2020 Land and buildings £000	Other £000	2019 Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	1,608	1,176	1,570	1,856
In the second to fifth years inclusive	4,868	658	4,326	1,358
Over five years	1,707	-	1,886	-
	8,183	1,834	7,782	3,214

During the year, £3,742k was recognised as an expense in the profit and loss account in respect of operating leases (2019: £3,198k).

## Notes (continued)

### 22 Capital commitments

There were no capital commitments at the end of the financial year (2019: £nil).

### 23 Accounting estimates and judgements

In applying its accounting policies, the Group has made estimates and assumptions concerning the future, which may differ from the actual outcomes. Those estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

#### *Goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### *Investments*

Determining whether the investments held by the Company is impaired requires an estimation of the value in use of the subsidiaries which the investments have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the subsidiaries trade and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### *Retirement Benefits valuation*

The costs, assets and liabilities of the defined benefit pension schemes operating within the Group are determined using methods relaying on actuarial estimates and other assumptions. Details of the key assumptions are set out in Note 19.

The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. It is important to note, however, that comparatively small changes in the assumptions used may have a significant effect on the Group's Financial Statements. As an indication of the sensitivity of the results to key assumptions see Note 19.

Recent economic circumstances and volatility in financial markets has caused the valuation of pension assets to become subject to a greater degree of uncertainty. In particular there is a much less active market in certain asset classes (such as corporate bonds, property and unquoted private equity investments). The fair value of the pension assets is determined based on valuations obtained from third parties and employ a variety of methods. Where available this will typically be the market price at the balance sheet date. However, for certain asset types other valuation methods are used including net asset valuation which involves a higher degree of estimation and subjectivity.

### 24 Ultimate parent company and parent company of larger group

The ultimate holding company and controlling party is Konica Minolta, Inc. which is incorporated in Japan. Konica Minolta 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, Inc. may be obtained from their website <http://www.konicaminolta.com> and from its registered address at JP Tower, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7015, Japan.

Notes (continued)

25 Subsequent events

----- There were no significant events after the balance sheet date -----