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**KONICA MINOLTA BUSINESS SOLUTIONS (U.K.) LTD**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2006**

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# Konica Minolta Business Solutions (UK) Limited

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

## **Directors and advisors**

### **Directors**

Y P Kada  
K Okamoto  
H Okamura

### **Secretary and registered office**

P R Stott (Resigned 4 August 2006)  
S Yoshida (Appointed 4 August 2006)

Miles Gray Road  
Basildon  
Essex  
SS14 3AR

### **Registered auditors**

PricewaterhouseCoopers LLP  
Abacus House  
Castle Park  
Cambridge  
CB3 0AN

### **Bankers**

National Westminster Bank plc  
29 East Walk  
Basildon  
Essex  
SS14 1HD

# Konica Minolta Business Solutions (UK) Limited

## Directors' report for the year ended 31 March 2006

The directors present their report and the audited financial statements for the year ended 31 March 2006.

### Principal activities

The principal activities of the group are the import and distribution within the United Kingdom of plain paper copiers, colour copiers, facsimile equipment and their supplies. The group's activities are not expected to change significantly in the near future.

### Review of business and future developments

Towards the end of the Year, the Company part of the UK Group joined the SAP IT Platform of the European Headquarters which simplified the Group Reporting. The move from in house financing of Rental Sales toward Assignment Contracts progressed through the Year and is expected to continue in the future.

There are considerable Software Projects in the pipe line that will bring added value to customer requirements and cost savings in the back office.

The Directors anticipate further growth in the Revenues of the Group due to an excellent Colour Product line now available.

### Results and dividends

The group's loss for the financial period was £629,000 (2005: loss of £770,000). The directors do not propose the payment of a dividend for the period (2005: £Nil), and the loss of £629,000 has been transferred to reserves (2005: loss of £770,000).

### Directors

The directors who held office during the period are as follows:

Y P Kada  
K Okamoto -  
K Okamura

### Directors' interests in shares of the company

The directors have no interest in the shares of the company. As permitted by Statutory Instruments, interests in shares of overseas group companies are not disclosed.

### Fixed assets

Details of the changes in fixed assets are shown in notes 11 to 13 to the financial statements.

### Charitable and political contributions

During the period the group donated £450 to charitable organisations, being £200 for the purpose of a Children's Hospice and £250 for the support of Classical Music in the Local Community (2005: £435, being £200 for the purpose of terminally ill children and £235 for Local Charities). No political donations were made.

### Employee involvement

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.

# Konica Minolta Business Solutions (UK) Limited

## **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 therefore it assesses the credit risk as low. The group's largest customers are large, well known finance houses.

### *Currency risk*

The group has current assets and liabilities denominated in foreign currencies. The majority of these are between fellow group undertakings so the directors do not use hedging instruments to reduce the risk.

### *Interest rate risk*

The company is subject to interest rate risk on its bank loans the directors do not use hedging instruments to reduce the risk.

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, with the exception of the changes explained in Note 1 "Principal Accounting Policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2006 and that applicable accounting standards have been followed.

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

Each of the directors have confirmed that there is no relevant audit information of which the company's auditors are unaware; and that they have taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**By order of the board**



**S Yoshida**  
**Company Secretary**  
Basildon, Essex

# Konica Minolta Business Solutions (UK) Limited

## Independent auditors' report to the members of Konica Minolta Business Solutions (UK) Limited

We have audited the group and parent company financial statements (the "financial statements") of Konica Minolta Business Solutions (UK) Limited for the year ended 31 March 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

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

### Basis of audit opinion

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

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

# Konica Minolta Business Solutions (UK) Limited

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2006 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Cambridge 15 February 2007.

# Konica Minolta Business Solutions (UK) Limited

## Consolidated profit and loss account for the year ended 31 March 2006

	Notes	Year Ended 31 March 2006 £'000	As restated Year ended 31 March 2005 £'000
<b>Turnover</b>	2	<b>117,253</b>	103,814
Cost of sales		<b>(69,351)</b>	(58,280)
<b>Gross profit</b>		<b>47,902</b>	45,534
Distribution costs		<b>(40,912)</b>	(36,449)
Administrative costs – excluding goodwill		<b>(8,918)</b>	(9,344)
Administrative costs – goodwill		<b>(763)</b>	(745)
Administrative costs – total		<b>(9,681)</b>	(10,089)
Other operating income	4	<b>3,056</b>	1,779
<b>Operating profit</b>		<b>365</b>	775
Exceptional item: Profit on disposal of fixed assets	5	<b>872</b>	-
Interest receivable		<b>54</b>	66
Interest payable and similar charges	8	<b>(1,654)</b>	(1,145)
Other finance costs	22	<b>(141)</b>	(230)
<b>Loss on ordinary activities before taxation</b>	3	<b>(504)</b>	(534)
Tax on profit on ordinary activities	9	<b>(125)</b>	(236)
<b>Loss for the period</b>	20, 21	<b>(629)</b>	(770)

All operations are continuing.



# Konica Minolta Business Solutions (UK) Limited

## Consolidated statement of total recognised gains and losses for the year ended 31 March 2006

	Notes	Year Ended 31 March 2006 £'000	As restated Year ended 31 March 2005 £'000
Loss for the financial year		(629)	(770)
Actuarial loss on pension schemes	22	(2,020)	(563)
Movement on deferred tax relating to pension liabilities	18	605	168
<b>Total recognised losses relating to the year</b>		<b>(2,044)</b>	<b>(1,165)</b>
Prior year adjustment – FRS 17	1,21	(9,813)	
<b>Total losses since last annual report</b>		<b>(11,857)</b>	

# Konica Minolta Business Solutions (UK) Limited

## Consolidated balance sheet as at 31 March 2006

	Notes	31 March 2006 £'000	As restated 31 March 2005 £'000
<b>Fixed assets</b>			
Intangible fixed assets			
- Goodwill	11	1,662	2,424
- Negative goodwill	11	-	-
Tangible fixed assets	12	7,943	10,960
		<b>9,605</b>	<b>13,384</b>
<b>Current assets</b>			
Stocks – goods held for resale		10,503	10,947
Debtors	14	60,714	41,244
Cash at bank and in hand		925	1,312
		<b>72,142</b>	<b>53,503</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(67,132)</b>	<b>(51,669)</b>
<b>Net current assets</b>		<b>5,010</b>	<b>1,834</b>
<b>Total assets less current liabilities</b>		<b>14,615</b>	<b>15,218</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(2,828)</b>	<b>(3,040)</b>
<b>Pension liabilities</b>	22	<b>(11,466)</b>	<b>(9,813)</b>
<b>Net assets</b>		<b>321</b>	<b>2,365</b>
<b>Capital and reserves</b>			
Called up share capital	19	8,000	8,000
Profit and loss account	20	(7,679)	(5,635)
<b>Equity shareholders' funds</b>	21	<b>321</b>	<b>2,365</b>

The financial statements on pages 6 to 29 were approved by the board of directors on 7/02/07 and were signed on its behalf by:

  
Y.P. Kada  
Director

# Konica Minolta Business Solutions (UK) Limited

## Company balance sheet as at 31 March 2006

	Notes	31 March 2006 £'000	As restated 31 March 2005 £'000
<b>Fixed assets</b>			
Intangible fixed assets			
- Goodwill	11	86	137
- Negative goodwill	11	(70)	(584)
Tangible fixed assets	12	7,720	11,284
Residual interest in equipment			-
Fixed asset investments	13	5,913	5,913
		<b>13,649</b>	<b>16,750</b>
<b>Current assets</b>			
Stocks – goods held for resale		8,858	9,993
Debtors	14	59,564	40,542
Cash at bank and in hand		646	767
		<b>69,068</b>	<b>51,302</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(68,462)</b>	<b>(53,366)</b>
<b>Net current assets / (liabilities)</b>		<b>606</b>	<b>(2,064)</b>
<b>Total assets less current liabilities</b>		<b>14,254</b>	<b>14,686</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(2,807)</b>	<b>(3,040)</b>
<b>Pension liabilities</b>	22	<b>(3,238)</b>	<b>(3,476)</b>
<b>Net assets</b>		<b>8,209</b>	<b>8,170</b>
<b>Capital and reserves</b>			
Called up share capital	19	8,000	8,000
Profit and loss account	20	209	170
<b>Equity shareholders' funds</b>	21	<b>8,209</b>	<b>8,170</b>

The financial statements on pages 6 to 29 were approved by the board of directors on 7/02/07 and were signed on its behalf by:

  
Y D Kada  
Director

# Konica Minolta Business Solutions (UK) Limited

## Notes to the financial statements for the year ended 31 March 2006

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard ('FRS') 18, 'Accounting Policies', which have been applied consistently.

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost accounting rules.

#### Basis of consolidation

The group financial statements include the accounts of the holding company and all subsidiary undertakings made up to the end of the financial period. Where businesses are acquired or disposed of, the financial statements include their results from or to the effective date of acquisition or disposal. Goodwill arising on the acquisition of subsidiary undertakings is capitalised and amortised on a straight line basis over the directors' estimate of its useful economic life which is assessed on a case by case basis and varies between 5 to 15 years. The directors have shown goodwill amortisation as an additional profit and loss account format item as in their opinion its inclusion in any other format headings would be inappropriate.

#### 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 on a straight line basis over the term of the agreement. Service revenue is principally generated from metered copy contracts with customers. All revenues are stated after deducting returns, allowances and sales taxes.

#### Lessee accounting for finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each year end. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

#### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write off the cost of tangible fixed assets, less estimated residual values, over the estimated lives of the assets concerned. The principal rates used for this purpose are:

	%
Freehold property	2
Rental machines	25
Computer equipment	25 - 33
Plant and equipment	10 - 25
Motor vehicles	25

Freehold land is not depreciated. Leasehold improvements are depreciated over the term of the lease.

Provision for impairments are made against the carrying value of tangible fixed assets where an impairment in value is deemed to have occurred. Impairment losses are charged to the profit and loss account in the year in which they are identified.

# Konica Minolta Business Solutions (UK) Limited

## 1 Principal accounting policies (continued)

### Goodwill and negative goodwill

Purchased goodwill, being the difference between the fair value of consideration and the fair value of net assets acquired, is capitalised and amortised on a straight line basis over a prudent estimate of the time that the company is expected to benefit from it. Goodwill amortisation periods are determined on a case by case basis. Provision is made against the carrying value of goodwill where an impairment in value is deemed to have occurred.

### Stocks

Stocks, being plain paper copiers, colour copiers, facsimile equipment, their supplies and spare parts, are valued at the lower of the cost and net realisable value. In the opinion of the directors the net replacement costs of stock would not be materially different from their carrying value.

### Provisions

Provisions are made against specific debts that are not deemed to be recoverable.

Provisions are made against specific stock lines to ensure they are valued at their net realisable value.

### Deferred taxation

Provision is made for deferred taxation in accordance with FRS 19, 'Deferred taxation' on all material timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

### Foreign currencies

Profits and losses arising on foreign currency transactions are written off to the profit and loss account as they arise. Foreign currency assets and liabilities are translated to sterling at year-end rates of exchange and any gains or losses arising are taken to the profit and loss account.

### Changes in accounting policies

The group has adopted FRS 21, 'Events after the balance sheet date', FRS 25, 'Financial instruments: disclosure and presentation', and FRS 28, 'Corresponding amounts'. The adoption of these standards represents a change in accounting policy. There was no effect of adopting these standards on the current year or comparative figures.

The group has also adopted FRS 17, 'Retirement Benefits'. The group operates two defined benefit schemes. The effect to the group of the change of policy on these schemes was to increase staff costs by £199,000 (2005: £486,000), to increase other financial expenses by £141,000 (2005: £230,000) and to decrease the deferred taxation charge by £102,000 (2005: £201,000); to increase the loss for the year by £238,000 (2005: £515,000) and to decrease other recognised gains and losses by £1,415,000 (2005: £395,000).

The company is unable to separate its share of the liabilities of the Konica Minolta scheme and therefore accounts for it as a defined contribution scheme. The Minolta scheme consists entirely of liabilities attributable to the company and therefore has been accounted for as a defined benefit scheme. The effect to the company of the change of policy on the Minolta scheme was to increase staff costs by £84,000 (2005: £210,000), to increase other financial expenses by £108,000 (2005: £68,000) and to decrease the deferred taxation charge by £58,000 (2005: £83,000); to increase the loss for the year by £134,000 (2005: £195,000) and to increase other recognised gains and losses by £373,000 (2005: decrease by £824,000).

Contributions are also made by the group to a defined contribution pension scheme, with the pension cost continuing to represent the contributions payable in respect of the accounting period.

## 2 Turnover

Turnover consists of sales mainly made in the United Kingdom.

# Konica Minolta Business Solutions (UK) Limited

## 3 Profit on ordinary activities before taxation

	Year ended 31 March 2006 £'000	As restated Year ended 31 March 2005 £'000
This has been arrived at after charging/(crediting) the following:		
Depreciation		
- depreciation of owned assets	3,781	3,961
- depreciation of assets held under finance leases and hire purchase contracts	116	207
- provision for impairment of rental assets	-	46
Auditors' remuneration for audit (company: £124,000 (2005: £99,300))	147	149
Other fees paid to auditors	44	65
Profit on disposal of tangible fixed assets	(872)	(213)
Operating lease rental payments:		
- plant and machinery	1,923	1,713
- other	1,426	1,453
Operating lease rental receipts	(4,158)	(5,658)
Loss / (Profit) on foreign currency transactions	308	(38)
Amortisation of positive goodwill	762	745

## 4 Other operating income

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Support monies received from ultimate parent and other group companies	3,056	877
Proceeds on disposal of distribution rights to a fellow subsidiary	-	850
Proceeds on disposal of an asset received from the insolvency of a customer	-	52
Total other operating income	3,056	1,779

## 5 Exceptional item – Profit on disposal of fixed assets

During the year the Group disposed of a number of properties that were no longer required. The profit on disposal of these properties was £872,000 (2005: £Nil).

# Konica Minolta Business Solutions (UK) Limited

## 6 Directors' emoluments

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Aggregate emoluments	148	168

The total emoluments paid by the company and by the ultimate parent company were received by one director (2005: one director). Retirement benefits are not accruing to any director under the defined benefit scheme.

## 7 Employee information

The average number of persons employed by the group during the period was:

	Year ended 31 March 2006 Number	Year ended 31 March 2005 Number
<b>By activity</b>		
Management	20	26
Administration	158	100
Marketing and service	648	631
	<b>826</b>	<b>757</b>

	Year ended 31 March 2006 £'000	As restated Year ended 31 March 2005 £'000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	25,625	24,037
Social security costs	2,684	2,448
Other pension costs (see note 22)	2,086	2,122
	<b>30,395</b>	<b>28,607</b>

## 8 Interest payable and similar charges

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
On bills payable and overdrafts due within 5 years not by instalments	1,628	1,120
On finance leases and hire purchase contracts	26	25
	<b>1,654</b>	<b>1,145</b>

# Konica Minolta Business Solutions (UK) Limited

## 9 Tax on profit on ordinary activities

### a) Analysis of charges for the period

	Year ended 31 March 2006 £'000	As restated Year ended 31 March 2005 £'000
Current tax:		
UK corporation tax on profits for the period	275	122
Adjustments in respect of prior periods	(3)	4
Current tax charge for the period	272	126
Deferred tax:		
Origination and reversal of timing differences – current	101	381
Origination and reversal of timing differences – prior year	(146)	(70)
Difference between pension cost relief and pension cost	(102)	(201)
Tax on profit on ordinary activities	125	236

### b) Factors affecting the current tax charge for the period

The tax assessed for the year is higher (2005: higher) than the standard rate of corporation tax in the UK 30% (2005: 30%). The differences are explained below:

	Year ended 31 March 2006 £'000	As restated Year ended 31 March 2005 £'000
Loss on ordinary activities before tax:	(504)	(534)
Loss on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2005: 30%)	(151)	(160)
Effect of:		
Differences between depreciation and capital	(125)	(315)
Short term timing differences	24	(47)
Expenses not deductible for tax purposes	551	443
Adjustments in respect of prior periods	(3)	4
Group Relief	(126)	
Difference between pension cost relief and pension	102	201
Current tax charge for the period	272	126

## 10 Profits of the company

The company has taken advantage of provisions of Section 230 of the Companies Act 1985 not to present its own profit and loss account. The profit attributable to the shareholders of the company is shown in Note 20.



# Konica Minolta Business Solutions (UK) Limited

## 11 Intangible fixed assets

### Goodwill

#### Group

£'000

#### Cost

As at 31 March 2005 and 31 March 2006 8,114

#### Amortisation

At 31 March 2005 5,690

Charge for the period 762

At 31 March 2006 6,452

#### Net book value

At 31 March 2006 1,662

At 31 March 2005 2,424

The amount brought forward relates to goodwill arising on consolidation and rights to service contracts purchased and is being amortised on a case by case basis.

#### Company

£'000

#### Cost

As at 31 March 2005 and 31 March 2006 257

#### Amortisation

As at 31 March 2005 120

Charge for the period 51

As at 31 March 2006 171

#### Net book value

At 31 March 2006 86

At 31 March 2005 137

### Negative goodwill

#### Group

£'000

#### Cost

At 31 March 2005 and 31 March 2006 (489)

#### Amortisation

At 31 March 2005 and 31 March 2006 489

#### Net book value

At 31 March 2005 and 31 March 2006 -

# Konica Minolta Business Solutions (UK) Limited

## 11 Intangible fixed assets – Negative goodwill (continued)

Company	£'000
<b>Cost</b>	
At 31 March 2005	(599)
Disposal	522
<b>At 31 March 2006</b>	<b>(77)</b>
<b>Amortisation</b>	
At 31 March 2005	15
Credit for the period	22
Disposal	(30)
<b>At 31 March 2006</b>	<b>7</b>
<b>Net book value</b>	
<b>At 31 March 2006</b>	<b>70</b>
At 31 March 2005	584

The negative goodwill arises on the acquisition of the trade and assets of Konica Minolta Business Solutions (Wales) Limited. This is being written back to the profit and loss account over the period in which the assets generating the negative goodwill are being depreciated.

## 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 31 March 2005	1,761	1,333	8,003	19,728	30,825
Additions	-	588	741	1,188	2,517
Disposals	(1,326)	-	(892)	(3,080)	(5,298)
<b>At 31 March 2006</b>	<b>435</b>	<b>1,921</b>	<b>7,852</b>	<b>17,836</b>	<b>28,044</b>
<b>Depreciation</b>					
At 31 March 2005	120	521	5,146	14,078	19,865
Charge for period	31	62	1,317	2,487	3,897
Disposals	(111)	-	(766)	(2,784)	(3,661)
<b>At 31 March 2006</b>	<b>40</b>	<b>583</b>	<b>5,697</b>	<b>13,781</b>	<b>20,101</b>
<b>Net book value</b>					
<b>At 31 March 2006</b>	<b>395</b>	<b>1,338</b>	<b>2,155</b>	<b>4,055</b>	<b>7,943</b>
At 31 March 2005	1,641	812	2,857	5,650	10,960

The net book value of plant and equipment includes an amount of £259,000 (2005: £641,000) in respect of assets held under finance leases and hire purchase contracts.

# Konica Minolta Business Solutions (UK) Limited

## 12 Tangible fixed assets (continued)

An impairment provision was made in previous years against a number of rental machines, to reduce the carrying value to net realisable value. The movement in the provision in the period is as follows:

	£'000
Provision at 31 March 2005	93
Charged to profit and loss account	-
Utilised during the period	(93)
<b>Provision at 31 March 2006</b>	<b>-</b>

Assets held for use as operating leases were:

	31 March 2006 £'000	31 March 2005 £'000
Cost	16,737	18,830
Depreciation	(13,068)	(13,507)
<b>Net book value</b>	<b>3,669</b>	<b>5,323</b>

### 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 31 March 2005	2,244	1,292	6,293	19,326	29,155
Additions	-	589	569	1,046	2,204
Disposals	(1,741)	-	(512)	(2,795)	(5,048)
<b>At 31 March 2006</b>	<b>503</b>	<b>1,881</b>	<b>6,350</b>	<b>17,577</b>	<b>26,311</b>
<b>Depreciation</b>					
At 31 March 2005	61	481	3,638	13,691	17,871
Charge for the period	53	62	1,211	2,357	3,683
Disposals	(77)	-	(384)	(2,502)	(2,963)
<b>At 31 March 2006</b>	<b>37</b>	<b>543</b>	<b>4,465</b>	<b>13,546</b>	<b>18,591</b>
<b>Net book value</b>					
<b>At 31 March 2006</b>	<b>466</b>	<b>1,338</b>	<b>1,885</b>	<b>4,031</b>	<b>7,720</b>
At 31 March 2005	2,183	811	2,655	5,635	11,284

The net book value of plant and equipment includes an amount of £217,000 in respect of assets held under hire purchase agreements (2005: £480,000).

# Konica Minolta Business Solutions (UK) Limited

## 12 Tangible fixed assets (continued)

An impairment provision was made in previous years against a number of rental machines, to reduce the carrying value to net realisable value. The movement in the provision in the year is as follows:

	£'000
Provision at 31 March 2005	93
Charged to profit and loss account	-
Utilised during the period	(93)
<b>Provision at 31 March 2006</b>	<b>-</b>

Assets held for use as operating leases were:

	31 March 2006 £'000	31 March 2005 £'000
Cost	16,478	18,428
Depreciation	12,833	(13,119)
<b>Net book value</b>	<b>3,645</b>	<b>5,309</b>

## 13 Fixed asset investments

Company

	£'000
<b>Cost</b>	
At 31 March 2005 and 31 March 2006	7,876
<b>Provision for impairment</b>	
At 31 March 2005 and 31 March 2006	1,963
<b>Net book value</b>	
At 31 March 2005 and 31 March 2006	5,913

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

All subsidiary undertakings are registered in England and Wales. The following subsidiaries are engaged in the business of marketing and servicing products distributed by the company.

Interests in group undertakings	% owned	Description of shares held
Konica Minolta Business Solutions East Limited	100	Ordinary "A" shares of £1
	100	Ordinary "B" shares of £1

The following subsidiaries are dormant:

Interests in group undertakings	% owned	Description of shares held
Konica Business Machines (Central) Limited	100	Ordinary shares of £1
Konica Business Machines (North) Limited	100	Ordinary shares of £1
Konica Minolta Business Solutions (Wales) Limited	100	Ordinary shares of £1

# Konica Minolta Business Solutions (UK) Limited

## 14 Debtors

	Group		Company	
	31 March 2006 £'000	31 March 2005 £'000	31 March 2006 £'000	31 March 2005 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	50,587	31,840	47,640	29,516
Amounts owed by group undertakings:				
- subsidiary undertakings		-	3,413	2,726
- parent company and fellow subsidiary undertakings	196	104	196	104
Other debtors	88	10	87	9
Prepayments and accrued income	7,974	7,466	6,446	6,437
Corporation tax recoverable	172	172	172	172
Deferred tax asset (see note 18)	1,697	1,652	1,610	1,578
	<b>60,714</b>	<b>41,244</b>	<b>59,564</b>	<b>40,542</b>

Amounts owed by group undertakings are unsecured and interest free.

## 15 Creditors: amounts falling due within one year

	Group		Company	
	31 March 2006 £'000	31 March 2005 £'000	31 March 2006 £'000	31 March 2005 £'000
Bank overdrafts	191	-	191	-
Trade creditors	7,310	6,742	6,767	6,527
Bills payable	27,000	25,000	27,000	25,000
Amounts owed to group undertakings:				
- parent company and fellow subsidiary undertakings	23,130	12,690	23,130	12,690
- subsidiary undertakings	-	-	2,620	2,244
Obligations under finance leases and hire purchase contracts	133	213	118	208
Corporation tax payable	7	181	-	-
Other taxation and social security	5,481	3,425	5,143	3,525
Accruals and deferred income	3,880	3,418	3,493	3,172
	<b>67,132</b>	<b>51,669</b>	<b>68,462</b>	<b>53,366</b>

The bills payable are renewable on a monthly basis; however the company has received undertakings that the bills payable facilities will continue for the foreseeable future.

# Konica Minolta Business Solutions (UK) Limited

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

	Group		Company	
	31 March 2006 £'000	31 March 2005 £'000	31 March 2006 £'000	31 March 2005 £'000
Amounts owed to fellow subsidiary undertaking	2,764	2,764	2,764	2,764
Obligations under finance leases and hire purchase contracts	46	144	25	144
Accruals and deferred income	18	132	18	132
	<b>2,828</b>	<b>3,040</b>	<b>2,807</b>	<b>3,040</b>

## 17 Maturity of debt

### Obligations under finance leases and hire purchase and repurchase agreements

	Group		Company	
	31 March 2006 £'000	31 March 2005 £'000	31 March 2006 £'000	31 March 2005 £'000
Repayable				
-within one year	133	213	118	208
-between two and five years	46	144	25	144
	<b>179</b>	<b>357</b>	<b>143</b>	<b>352</b>

### Loans and other borrowings

	Group		Company	
	31 March 2006 £'000	31 March 2005 £'000	31 March 2006 £'000	31 March 2005 £'000
Maturity of eligible bill loans and overdraft:				
In one year or less, or on demand	27,199	25,000	27,199	25,000

# Konica Minolta Business Solutions (UK) Limited

## 18 Provision for liabilities and charges

At 31 March 2006, there were potential deferred tax assets as follows:

### Deferred taxation – group

	Amount recognised		Amount unrecognised	
	31 March 2006 £'000	As restated 31 March 2005 £'000	31 March 2006 £'000	31 March 2005 £'000
Tax effect due to:				
Excess of depreciation over capital allowances	1,378	1,430	537	537
Short term timing differences	319	222		-
Deferred tax asset excluding deferred tax on pension liabilities (see note 14)	1,697	1,652	537	537
Deferred tax asset deducted from pension liabilities	4,914	4,207		-
<b>Total deferred tax asset</b>	<b>6,611</b>	<b>5,859</b>	<b>537</b>	<b>537</b>

### Deferred taxation – company

	Amount provided		Amount unprovided	
	31 March 2006 £'000	As restated 31 March 2005 £'000	31 March 2006 £'000	31 March 2005 £'000
Tax effect due to:				
Excess of depreciation over capital allowances	1,291	1,356	537	537
Short term timing differences	319	222		-
Deferred tax asset excluding deferred tax asset on pension liabilities (see note 14)	1,610	1,578	537	537
Deferred tax asset deducted from pension liabilities	1,388	1,489		-
<b>Total deferred tax asset</b>	<b>2,998</b>	<b>3,067</b>	<b>537</b>	<b>537</b>

Deferred tax assets recognised to the extent that they are expected to be utilised in the foreseeable future.

Movements in deferred tax assets recognised in the period are as follows:

	Group £'000	Company £'000
Asset at 31 March 2005 as previously reported	1,652	1,578
Prior year adjustment – FRS 17	4,207	1,489
Asset at 31 March 2005 as restated	5,859	3,067
Credited to profit and loss account (see note 9)	147	91
Credited to the statement of total recognised gains and losses	605	(160)
<b>Asset at 31 March 2006</b>	<b>6,611</b>	<b>2,998</b>

# Konica Minolta Business Solutions (UK) Limited

## 19 Called up share capital

### Group and company

	31 March 2006 £'000	31 March 2005 £'000
<b>Authorised</b>		
2006: 15,000,000 (2005: 15,000,000) ordinary shares of £1 each	15,000	15,000
<b>Allotted, called up and fully paid</b>		
2006: 8,000,000 (2005: 8,000,000) ordinary shares of £1 each	8,000	8,000

## 20 Profit and loss account

	Group £'000	Company £'000
At 31 March 2005 as previously reported	4,178	3,646
Prior year adjustment – FRS 17	(9,813)	(3,476)
At 31 March 2005 as restated	(5,635)	170
(Loss) for the period	(629)	(334)
Actuarial (loss) / gain on pension scheme	(2,020)	533
Movement on deferred tax relating to pension scheme	605	(160)
<b>At 31 March 2006</b>	<b>(7,679)</b>	<b>209</b>

## 21 Reconciliation of movements in equity shareholders' funds

### Group

	31 March 2006 £'000	31 March 2005 £'000
Loss for the period	(629)	(770)
Actuarial loss on pension scheme	(2,020)	(563)
Movement on deferred tax relating to pension scheme	605	168
Opening equity shareholders' funds as previously reported	12,178	12,433
Prior year adjustment – FRS 17	(9,813)	(8,903)
Opening equity shareholder' funds as restated	2,365	3,530
<b>Closing equity shareholders' funds</b>	<b>321</b>	<b>2,365</b>



# Konica Minolta Business Solutions (UK) Limited

## 21 Reconciliation of movements in equity shareholders' funds (continued)

Company	31 March 2006 £'000	31 March 2005 £'000
Loss for the period	(334)	(1,558)
Actuarial gain / (loss) on pension scheme	533	(1,176)
Movement on deferred tax relating to pension scheme	(160)	352
Opening equity shareholders' funds as previously reported	11,646	13,011
Prior year adjustment – FRS 17	(3,476)	(2,459)
Opening equity shareholders' funds as restated	8,170	10,554
Closing equity shareholders' funds	8,209	8,170

## 22 Pension and similar obligations

The company operates two pension schemes, the Konica Minolta Business Solutions (UK) Limited Pension and Life Assurance Scheme ("Konica Minolta scheme"), and the Minolta (UK) Pension Plan ("Minolta scheme") with effect from 1 October 2003. Both schemes have a defined contribution and a defined benefit section.

### Defined Contribution

During the period the contributions to the Konica Minolta scheme amounted to £72,694 (2005: £27,000) and contributions to the Minolta scheme were £10,161 (2005: £10,000). Accrued and outstanding defined contribution costs at the period end amounted to £ Nil (2005: £Nil).

### Defined Benefit

The assets of the schemes are held separately from those of the participating companies and are invested in a managed fund. The most recent full actuarial valuations were performed at 1 April 2005 for the Konica scheme and 1 April 2004 for the Minolta scheme, both updated to 31 March 2006, using data available at 28<sup>th</sup> February 2006, by a qualified independent actuary.

### Konica Minolta scheme

The major assumptions used by the actuary were:

	31 March 2006 %	31 March 2005 %	31 March 2004 %
Rate of increase in salaries	3.75	3.92	3.94
Rate of increase in pensions in payment:			
Pensionable service completed prior to 6 April 1997 (Note 1,*)	5.0	5.0	5.0
Pensionable service completed between 6 April 1997 and 6 April 1999 (Note 2,*)	5.0	5.0	5.0
Pensionable service completed after 6 April 1999	2	2	2.94
Discount rate	4	5	5.46
Inflation assumption	2	2	2.94

Note 1: Nil for former members of the Konica Peter Llewellyn Scheme

Note 2: 2.5% for former members of the Konica Peter Llewellyn Scheme

\* : This applies to 0.75% of the members pension.

# Konica Minolta Business Solutions (UK) Limited

## 22 Pension and similar obligations (continued)

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2006 %	Value at 31 March 2006 £'000	Long-term rate of return expected at 31 March 2005 %	Value at 31 March 2005 £'000	Long-term rate of return expected at 31 March 2004 %	Value at 31 March 2004 £'000
Equities	7.70	21,228	8.01	19,227	8.07	17,029
Property	7.70	3,096				
Government Stock	4.11	2,770	4.71			
Corporate Bonds	4.93	7,980	5.37	6,683	4.79	6,345
Cash	4.50	277	4.75	1,600	4.0	888
		35,351		27,510		24,262

	31 March 2006 £'000	31 March 2005 £'000	31 March 2004 £'000
Total market value of assets	35,351	27,510	24,262
Present value of scheme liabilities	(47,105)	(36,565)	(33,469)
Deficit in scheme	(11,754)	(9,055)	(9,207)
Related deferred tax asset	3,526	2,717	2,762
<b>Net pension liability</b>	<b>(8,228)</b>	<b>(6,338)</b>	<b>(6,445)</b>

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
<b>Analysis of the amount charged to operating profit:</b>		
Service cost	1,521	1,455
Curtailments	(141)	
<b>Total operating charge</b>	<b>1,380</b>	<b>1,455</b>

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
<b>Analysis of the amount charged to other finance costs:</b>		
Expected return on pension scheme assets	2,005	1,746
Interest on pension liabilities	(2,038)	(1,908)
<b>Net charge</b>	<b>(33)</b>	<b>(162)</b>

# Konica Minolta Business Solutions (UK) Limited

## 22 Pension and similar obligations (continued)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL):	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Actual return less expected return on pension scheme assets	4,984	577
Experience gains and losses arising on the scheme liabilities	(4,158)	691
Change in the underlying present value of the scheme liabilities	(3,379)	(655)
<b>Actuarial (loss) / gain in the STRGL</b>	<b>(2,553)</b>	<b>613</b>

Movement in deficit during the period:	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Deficit in scheme at 1 April 2005	(9,055)	(9,207)
Movement in period:		
Current service charge	(1,521)	(1,455)
Contributions	1,267	1,156
Curtailments	141	-
Net interest / return on assets	(33)	(162)
Actuarial (loss) / gain	(2,553)	613
<b>Deficit in scheme at 31 March 2006</b>	<b>(11,754)</b>	<b>(9,055)</b>

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000	14 months ended 31 March 2004 £'000	Year Ended 31 January 2003 £'000
<b>History of experience gains and losses:</b>				
Difference between the expected and actual return on assets:				
amount £000's	4,984	577	2,501	(4,907)
% of scheme liabilities	14.1%	2.1%	10.3%	25.3%
Experience gains and losses on scheme liabilities:				
amount £000's	(4,158)	691	(1,731)	(499)
% of scheme liabilities	8.8%	1.9%	5.2%	1.8%
Total amount in the STRGL				
amount £000's	(2,553)	613	(622)	(7,278)
% of scheme liabilities	5.4%	1.7%	1.9%	26.5%

# Konica Minolta Business Solutions (UK) Limited

## 22 Pension and similar obligations (continued)

### Minolta Scheme

The major assumptions used by the actuary were:

	31 March 2006 %	31 March 2005 %	31 March 2004 %
Rate of increase in salaries	3.75	3.92	3.94
Rate of increase in pensions in payment	2.75	2.92	2.94
Discount rate	4.93	5.37	5.46
Inflation assumption	2.75	2.92	2.94

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2006 %	Value at 31 March 2006 £'000	Long-term rate of return expected at 31 March 2005 %	Value at 31 March 2005 £'000	Long-term rate of return expected at 31 March 2004 %	Value at 31 March 2004 £'000
Equities	7.70	7,721	8.01	5,827	8.07	4,934
Property	7.70	905	8.01	692	8.07	565
Government Stock	4.11	331	4.71	244	4.79	218
Corporate Bonds	4.67	338	5.37	250	5.46	218
Cash	4.50	54	4.75	6	4.00	(28)
		9,349		7,019		5,907

	31 March 2006 £'000	31 March 2005 £'000	31 March 2004 £'000
Total market value of assets	9,349	7,019	5,907
Present value of scheme liabilities	(13,975)	(11,984)	(9,418)
Deficit in scheme	(4,626)	(4,965)	(3,511)
Related deferred tax asset	1,388	1,490	1,053
<b>Net pension liability</b>	<b>(3,238)</b>	<b>(3,475)</b>	<b>(2,458)</b>

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
<b>Analysis of the amount charged to operating profit:</b>		
Service cost	511	640
<b>Total operating charge</b>	<b>511</b>	<b>640</b>

# Konica Minolta Business Solutions (UK) Limited

## 22 Pension and similar obligations (continued)

Analysis of the amount charged to other finance costs:	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Expected return on pension scheme assets	561	477
Interest on pension liabilities	(669)	(545)
<b>Net charge</b>	<b>(108)</b>	<b>(68)</b>

Statement of total recognised gains and losses (STRGL):	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Actual return less expected return on pension scheme assets	1,421	312
Experience gains and losses arising on the scheme liabilities	100	(698)
Change in the underlying present value of the scheme liabilities	(988)	(790)
<b>Actuarial gain / (loss) in the STRGL</b>	<b>533</b>	<b>(1,176)</b>

Movement in deficit during the period:	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Deficit in scheme at 1 April 2005	(4,965)	(4,638)
Adjustment in respect of non-attributable members	-	1,127
Movement in period:		
Current service charge	(511)	(640)
Contributions	425	430
Net interest / return on assets	(108)	(68)
Actuarial gain / (loss)	533	(1,176)
<b>Deficit in scheme at 31 March 2006</b>	<b>(4,626)</b>	<b>(4,965)</b>

# Konica Minolta Business Solutions (UK) Limited

## 22 Pension and similar obligations (continued)

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000	14 months ended 31 March 2004 £'000
<b>History of experience gains and losses:</b>			
Difference between the expected and actual return on assets:			
amount £000's	1,421	312	1,011
% of scheme liabilities	15.2%	4.4%	13.0%
Experience gains and losses on scheme liabilities:			
amount £000's	100	(698)	-
% of scheme liabilities	0.7%	(5.8)%	-
Total amount in the STRGL			
amount £000's	533	(1,176)	434
% of scheme liabilities	3.8%	(9.8)%	3.4%

## 23 Capital commitments

Group and Company	31 March 2006 £'000	31 March 2005 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	39	22

## 24 Other financial commitments

At 31 March 2006 there were annual commitments under non-cancellable operating leases as follows:

Group	31 March 2006		31 March 2005	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	-	188	17	322
Expiring between two and five years	611	1,487	458	861
Expiring in over five years	1,024	-	1,006	-
	1,635	1,675	1,481	1,183

# Konica Minolta Business Solutions (UK) Limited

## 24 Other financial commitments (continued)

### Company

	31 March 2006		31 March 2005	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year		158	17	286
Expiring between two and five years	586	1,257	416	702
Expiring in over five years	933		916	-
	1,519	1,415	1,349	988

The majority of the group and company's leases of land and buildings are subject to rent reviews at five yearly intervals.

## 25 Contingent liabilities

	31 March 2006 £'000	31 March 2005 £'000
<b>Group and company</b>		
Guarantees in respect of property rentals	520	520
Guarantees in respect of HM Customs & Excise duties	100	100

## 26 Cash flow statement

Konica Minolta Business Solutions (UK) Limited is a wholly owned subsidiary of Konica Minolta Holdings, Inc., whose consolidated financial statements are publicly available (see note 27). Consequently the group is exempt under the terms of FRS 1, 'Cashflow Statements' from publishing a cash flow statement.

## 27 Related party transactions

The company is 100% owned by Konica Minolta Holdings, Inc. and owns 100% of its subsidiaries' share capital and has applied the exemption of paragraph 3(c) of FRS 8, 'Related Party Disclosures'. This exemption permits the non-disclosure of transactions and balances with related parties that are included within the consolidated financial statements of Konica Minolta Holdings, Inc. which are greater than 90% owned.

## 28 Ultimate controlling party

The ultimate holding company and controlling party is Konica Minolta Holdings, 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.