

Company Registration No. 00511368 (England and Wales)

HOBS REPROGRAPHICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2020



HOBS REPROGRAPHICS LIMITED

COMPANY INFORMATION

Directors	C Horwood D Gordon S Austin	(Appointed 4 August 2020)
Company number	00511368	
Registered office	14 Castle Street Liverpool England L2 0NE	
Auditor	RSM UK Audit LLP 14th Floor 20 Chapel Street Liverpool L3 9AG	
Solicitors	DWF LLP 5 St Paul's Square Old Hall Street Liverpool L3 9AE	

HOBS REPROGRAPHICS LIMITED

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HOBBS REPROGRAPHICS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 OCTOBER 2020

The directors present the strategic report for the period ended 31 October 2020.

COMPANY OVERVIEW

Hobs Reprographics Limited ('Hobs') provides a fully integrated print and document management service to support customers in designing, producing, sharing, storing and retrieving their documents and data, offering a 24/7 service from a national network of 20 business centres.

Hobs has been a leading name in its sector for the last 51 years and over time has developed deep and loyal relationships with its customers. From supporting some of the UK's largest companies in the full range of document management services, Hobs has become an invaluable and seamless extension of its clients' businesses.

Throughout its history, Hobs has focused on providing the highest level of service, on-time, every time. This consistency of service has ensured a high level of customer loyalty in the Company's key market sectors, with the customers of Hobs finding the services exceptional value for money.

OUR HISTORY

The Company was established in Liverpool over 50 years ago and initially focused on providing construction drawing printing services to companies in the Architecture, Engineering and Construction ('AEC') sector. Whilst the AEC sector remains Hobs' largest sector its current multi-layered, technology-driven service solution has evolved significantly from the Company's original offering. The company was proud to be awarded a Royal Warrant in 2003.

BUSINESS REVIEW

Like many businesses across the world, Hobs has been severely affected by the Coronavirus pandemic (Covid-19) with turnover falling year-on-year for the 6 months period to 31st October 2020. This situation required significant business adjustment driven by the directors. Measures to protect the business included new bank finance, large-scale redundancies in October 2020, use of the Government furlough scheme, negotiating time-to-pay arrangements with HMRC and landlords, and the disposal of surplus assets.

The effect of the pandemic on the profitability of the company is clear from these accounts, which show a £3.7m loss before tax for the 18 months to 31st October 2020. This translates into a negative EBITDA of £1.5m after adjusting for one-off costs including redundancy costs. In terms of KPI's, gross margins achieved in the period held firm at 79%, 2.7% up on the prior year, due to an improved sales mix. Balance sheet debtors and creditors have both reduced significantly over the period due to a fall in intra-group debt following the group restructure in August 2020, with trade debtors also diminishing due to the lower levels of trade at the end of the period. This, along with reduced capital investment due to the pandemic, resulted in a lower Net Asset figure compared with 2019. As at 31st October 2020 the company had cash reserves of just over £1m.

The directors are now confident that the business is structured properly for the future as we emerge from the Covid-19 crisis, but are keenly aware that trade has not yet returned to pre-Covid levels and perhaps will not for a long time yet. It is for that reason the business forecasts are conservatively based with revenue forecast to grow slowly.

The company has started to experience early signs of a post-Covid recovery, and is trading slightly behind plan from a revenue point of view, but ahead of plan in terms of profitability.

The directors measure performance against detailed annual budgets and forecasts on a monthly basis. In addition, the company produces a 2-year rolling business plan.

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in this report.

The directors would like to go on record to express their sincere thanks to all staff within the company for their continued support through what has been a very difficult period over the last year.

HOBBS REPROGRAPHICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

Continued

QUALITY MANAGEMENT AND HEALTH & SAFETY

ISO 9001

The business is now fully accredited under ISO9001 and has recently implemented its own Quality Management System to ensure continued compliance with the standard.

Health & Safety

The business has also implemented its own Health & Safety Management System with a dedicated director responsible for this area.

CORPORATE SOCIAL RESPONSIBILITY

Environment

Hobs has always been conscious of the impact we have on the local community, the environment and our sustainability.

We are committed to reducing our impact on the environment. The business is fully accredited under ISO 14001, and this forms part of the Quality Management System mentioned above.

Through our network of suppliers, we continue to use FSC paper as standard, and for bespoke jobs wherever possible. We print onto various recycled papers and we use various inks including vegetable-based inks that have a low impact on the environment.

We continually review our production processes to minimise levels of waste, reuse or recycle materials and product whenever possible, and only dispose of waste via licensed waste contractors.

Charities

As a business, Hobs sponsors a number of charity fundraising events each year, either from individual branches or from Head Office. In addition, Hobs employees undertake a number of charity fundraising challenges each year.

MONITORING AND MANAGING RISK

The principal risks and uncertainty facing the group's business are as follows:

- The impact of the wider economy and specifically the AEC sector. In the short term the major risk relates to the recovery from the Covid pandemic. However, as stated above, the directors have taken every step available to them to "right-size" the business and manage cash flow to mitigate against this risk.
- Price risk has now increased as suppliers start to pass on price increases on imported raw materials caused by the pandemic. The business may in the future have to pass this price risk on to customers.
- Technology – Printing technology is constantly evolving, and Hobs intends to stay at the forefront of this by investing in the best printers available so that it can continue to enhance its service offering.
- Competition – Hobs Reprographics is now the largest national supplier of printing and reprographics services. However, the directors are aware of market competition at both national and local level, and constantly strive to capture new business as well as retain existing customers by close scrutiny of management information data and the setting of targeted sales incentives.
- Cyber and Internet Security – As businesses become more reliant on technology the risks increase. This year saw us invest in various steps to make our business more resilient.
- GDPR – the regulation effective in May 2018 further crystallises the risk in information security. To this end we have appointed a data protection officer, embarked on education for our workforce around GDPR and information management. We have also implemented ISO 27001 within the business to improve general standards.

HOBS REPROGRAPHICS LIMITED

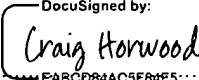
STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

Continued

The directors carry out a regular review of the risk environment in which the company operates. The board believes that the company has adequate procedures and processes in place to ensure these risks are monitored and managed appropriately.

On behalf of the board

DocuSigned by:

EABCDB4AC5F84F5.....
C Horwood
Director
21/07/2021
.....

HOBS REPROGRAPHICS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 OCTOBER 2020

The directors present their annual report and financial statements for the period ended 31 October 2020.

Principal activities

The principal activity of the Company is the supply of reprographic services.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

J Duckenfield	(Resigned 4 August 2020)
C Horwood	
D Gordon	
S P Hill	(Resigned 4 August 2020)
B Flook	(Resigned 30 June 2020)
S Austin	(Appointed 4 August 2020)

Results and dividends

The results for the period are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial controls

The directors are responsible for the Company's system of internal controls and for reviewing its effectiveness. The internal control system is designed to manage, rather than eliminate the risk of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Disabled persons

The Company is committed to fulfilling its obligations in accordance with the Disability Discrimination Act 1995 and best practice, giving full and fair consideration to applicants with disabilities in its employment criteria, having regard to their particular aptitudes and abilities; and full and fair consideration for the continuing employment, training, career development and promotion of disabled persons employed by the Company. The Company is also committed to providing full support and appropriate training for employees who become disabled during the course of their employment so that they can continue to work in a position appropriate to their experience and abilities.

HOBBS REPROGRAPHICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

Employee involvement

The Company is committed to improving its employees' skills through training and development and encourages employees to work to their full potential. The Company is also committed to involving employees in business development opportunities.

During the period an "Innovation Hub" was set up to assess and potentially implement ideas put forward by employees aimed at improving business efficiencies, increasing sales, or potential cost savings. Ideas making it through to implementation earn a financial reward for the proposer.

Employees are kept up-to-date with any initiatives or news affecting them via a company intranet accessible to all staff.

Various results-based incentive schemes are operated within the Company.

The Company continued its statutory reporting on gender pay gap this year, which reflected the Company's commitment to being a meritocracy regardless of gender, ethnicity or orientation. The Company has gone further by introducing a rule requiring shortlists to include female candidates for 3rd and 4th quartile roles prior to down-selection; preserving the meritocracy but enhancing the prospects of improved gender balance.

Future developments

As mentioned in the Strategic Report above, the business is starting to experience signs of a post-Covid recovery in the economy, although caution is still required. The business forecasts have been prepared on this basis, and the directors continue to constantly monitor trading levels whilst the economy recovers. We have made investments in automation and digitising of our finishing services which we believe will further enhance our capabilities and present new offerings to the market in the small format areas. In addition, we have seen growth in new customers enjoying our Display graphics offering through the pandemic and with our hub and spoke strategy in this area now in place we feel we are set up well to further grow in this area. Scanning and archiving services sales and enquires are on the increase, again with our Exchange offering set up centrally we are able to look forward to more growth within these associated services.

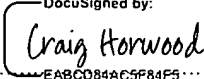
Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

DocuSigned by:

EABCD84AC5F84F5...

C Horwood

Director

21/07/2021
Date:

HOBBS REPROGRAPHICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 OCTOBER 2020

The directors are responsible for preparing the Strategic Report and 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HOBS REPROGRAPHICS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOBS REPROGRAPHICS LIMITED

Opinion

We have audited the financial statements of Hobs Reprographics Limited (the 'company') for the period ended 31 October 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

HOBS REPROGRAPHICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HOBS REPROGRAPHICS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

Jacqui Baker (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP

Chartered Accountants

14th Floor

20 Chapel Street

Liverpool

L3 9AG

23 July 2021.....

HOBS REPROGRAPHICS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 OCTOBER 2020**

	Notes	Period ended 31 October 2020 £	Year ended 30 April 2019 £
Turnover	3	22,802,082	20,694,266
Cost of sales		(4,795,215)	(4,896,771)
Gross profit		18,006,867	15,797,495
Administrative expenses		(23,764,177)	(16,497,496)
Other operating income		2,461,779	325,562
Exceptional items	4	(470,067)	(43,292)
Operating loss	5	(3,765,598)	(417,731)
Interest receivable and similar income	9	85,901	52,122
Interest payable and similar expenses	10	(53,592)	(2,485)
Loss before taxation		(3,733,289)	(368,094)
Tax on loss	11	429,237	66,950
Loss for the financial period		(3,304,052)	(301,144)

HOBS REPROGRAPHICS LIMITED

BALANCE SHEET

AS AT 31 OCTOBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	12		243,483		445,408
Negative goodwill	12		-		(70,191)
Net goodwill			243,483		375,217
Other intangible assets	12		194,838		598,562
Total intangible assets			438,321		973,779
Tangible assets	13		1,586,632		2,020,737
Investments	14		1		1
			2,024,954		2,994,517
Current assets					
Stocks	16	361,613		388,799	
Debtors falling due after more than one year	17	2,722,105		-	
Debtors falling due within one year	17	4,480,337		17,240,823	
Cash at bank and in hand		1,009,961		10,003	
		8,574,016		17,639,625	
Creditors: amounts falling due within one year	18	(4,803,102)		(11,740,090)	
Net current assets			3,770,914		5,899,535
Total assets less current liabilities			5,795,868		8,894,052
Creditors: amounts falling due after more than one year	19		(82,151)		(18,386)
Provisions for liabilities	22		(586,293)		(444,190)
Net assets			5,127,424		8,431,476
Capital and reserves					
Called up share capital	25		50,000		50,000
Profit and loss reserves			5,077,424		8,381,476
Total equity			5,127,424		8,431,476

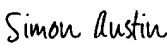
HOBS REPROGRAPHICS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 OCTOBER 2020

21/07/2021

The financial statements were approved by the board of directors and authorised for issue on
and are signed on its behalf by:

DocuSigned by:

76F198AB83E0445.....

S Austin
Director

Company Registration No. 00511368

HOBBS REPROGRAPHICS LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 31 OCTOBER 2020**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 May 2018	50,000	8,682,620	8,732,620
Period ended 30 April 2019:			
Loss and total comprehensive income for the period	-	(301,144)	(301,144)
Balance at 30 April 2019	50,000	8,381,476	8,431,476
Period ended 31 October 2020:			
Loss and total comprehensive income for the period	-	(3,304,052)	(3,304,052)
Balance at 31 October 2020	<u>50,000</u>	<u>5,077,424</u>	<u>5,127,424</u>

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies

Company information

Hobs Reprographics Limited is a private company limited by shares incorporated in England and Wales. The registered office is 14 Castle Street, Liverpool, England, L2 0NE.

The principal activity of the Company is the supply of reprographic services.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced Disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

The financial statements of the company are consolidated in the financial statements of Hobs Group Limited. These consolidated financial statements are available from its registered office - see note 28.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.2 Going concern

The financial statements have been prepared on the going-concern basis which assumes that the company will be able to continue to trade for at least 12 months from the date these accounts are signed. In assessing the future viability of the business, the directors have reviewed the forecasts for the period up to October 2022.

Like many businesses across the world, the company has been severely affected by the Coronavirus pandemic (Covid-19) with turnover falling year-on-year for the 6 months period to 31st October 2020.

This situation required significant business adjustment driven by the directors. Measures to protect the business included new bank finance, large-scale redundancies in October 2020, use of the Government furlough scheme, negotiating time-to-pay arrangements with HMRC and landlords, and the disposal of surplus assets.

The directors are now confident that the business is structured properly for the future as we emerge from the Covid-19 crisis, but are keenly aware that trade has not yet returned to pre-Covid levels and perhaps will not for a long time yet. It is for that reason the business forecasts are conservatively based with revenue forecast to grow slowly.

Based on these projections, the directors have a reasonable expectation that the business will continue to operate as a going-concern for the foreseeable future and have therefore adopted the going-concern basis of accounting in preparing these financial statements.

1.3 Reporting period

The Company has elected to change its year end from 30th April to 31st October and so these accounts represent an 18 month reporting period which will not be directly comparable with the prior year. This decision was made due to a wider restructuring of the Hobs Group which completed in August 2020, thus aligning the period ends for all companies within the group.

1.4 Turnover

Turnover represents the invoiced amount of goods and services sold, net of trade discounts and value added tax. Sales are recognised when the rights to receive consideration have been met in full.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

HOBBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 3 to 5 years.

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which the those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Amortisation is charged to administrative expenses in these financial statements.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 - 5 years straight line
Customer relationships	3 years straight line

Amortisation is charged to administrative expenses in these financial statements.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long leasehold property	4% straight line
Short leasehold improvements	20% straight line
Plant and equipment	25% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

HOBBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including trade, group and other creditors and other borrowings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is charged or credited to other comprehensive income or equity.

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

Current tax

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other debtors or other creditors.

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Categorisation of leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful life of fixed assets

In making decisions regarding the depreciation of fixed assets, management must estimate the useful life of said assets to the business. A change in the estimate would result in a change in the depreciation charged to profit or loss each year. Further details are included in note 13.

Valuation of intangible assets

The recoverable amount of goodwill and other intangible assets is based on value in use which requires estimates in respect of the allocation of goodwill to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth; a change in these assumptions could impact on the level of goodwill recognised.

Provisions

Management must estimate at each reporting date the impact of dilapidations resulting from the occupation of leased properties. Further details are included in note 22.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Supply of reprographic services	22,802,082	20,694,266
	<u>22,802,082</u>	<u>20,694,266</u>
	2020	2019
	£	£
Other significant revenue		
Interest income	-	216
Sale of business unit	336,000	-
Dividends received	85,901	51,906
	<u>421,901</u>	<u>52,122</u>
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	22,734,113	20,670,134
Overseas	67,969	24,132
	<u>22,802,082</u>	<u>20,694,266</u>

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

4 Exceptional items

	2020	2019
	£	£
Branch move costs	-	94,016
Release of legacy debt provision	-	(50,724)
Redundancy costs	470,067	-
	<u>470,067</u>	<u>-</u>

Within operating loss there are exceptional costs of £470,067. (2019 - £94,016 costs and £50,724 income).

In October 2020, the company implemented large scale redundancies, as a measure to protect the business, due to the economic downturn caused by the Coronavirus pandemic, which severely affected the company's sales.

The 2019 exceptional costs of £94,016 relate to branch move costs. The income in 2019 relates to the release of legacy debt provision.

5 Operating loss

	2020	2019
	£	£
Operating loss for the period is stated after charging/(crediting):		
Exchange losses	2,665	944
Depreciation of owned tangible fixed assets	1,099,145	737,464
Depreciation of tangible fixed assets held under finance leases	127,339	41,323
Profit on disposal of tangible fixed assets	(41,918)	(61,103)
Amortisation of intangible assets	670,251	578,296
Release of negative goodwill	(70,191)	(111,093)
Operating lease charges	1,769,187	1,251,046
	<u>1,769,187</u>	<u>1,251,046</u>

HMRC furlough income and related local council grants recognised in profit or loss during the period amounted to £1,673,494 (2019 - £nil).

6 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	22,000	17,250
	<u>22,000</u>	<u>17,250</u>

HOBBS REPROGRAPHICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 OCTOBER 2020****7 Employees**

The average monthly number of persons (including directors) employed by the company during the period was:

	2020	2019
	Number	Number
Management	7	7
Staff	276	290
	<u>283</u>	<u>297</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	13,467,845	9,137,167
Social security costs	1,345,333	955,111
Pension costs	330,176	228,916
	<u>15,143,354</u>	<u>10,321,194</u>

8 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	1,005,718	690,838
Company pension contributions to defined contribution schemes	62,843	41,142
	<u>1,068,561</u>	<u>731,980</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2019 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020	2019
	£	£
Remuneration for qualifying services	301,255	213,730
Company pension contributions to defined contribution schemes	20,000	15,000
	<u>321,255</u>	<u>228,730</u>

HOBBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

9	Interest receivable and similar income	2020	2019
		£	£
	Interest income		
	Other interest income	-	216
	Income from fixed asset investments		
	Income from shares in group undertakings	85,901	51,906
	Total income	<u>85,901</u>	<u>52,122</u>
10	Interest payable and similar expenses	2020	2019
		£	£
	Interest on bank overdrafts and loans	467	334
	Interest on other bank financing arrangements	49,719	-
	Interest on finance leases and hire purchase contracts	3,406	2,151
		<u>53,592</u>	<u>2,485</u>
11	Taxation	2020	2019
		£	£
	Current tax		
	Adjustments in respect of prior periods	(457)	29,488
	Deferred tax		
	Origination and reversal of timing differences	(400,663)	(54,821)
	Adjustment in respect of prior periods	(28,117)	(41,617)
	Total deferred tax	<u>(428,780)</u>	<u>(96,438)</u>
	Total tax credit	<u>(429,237)</u>	<u>(66,950)</u>

HOBBS REPROGRAPHICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 OCTOBER 2020****11 Taxation****(Continued)**

The actual credit for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Loss before taxation	(3,733,289)	(368,094)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(709,325)	(69,938)
Tax effect of expenses that are not deductible in determining taxable profit	47,042	13,134
Tax effect of income not taxable in determining taxable profit	(95,467)	(9,862)
Unutilised tax losses carried forward	-	(17,843)
Adjustments in respect of prior years	(457)	29,488
Group relief	241,498	-
Other non-reversing timing differences	-	(41,630)
Other permanent differences	218	-
Deferred tax adjustments in respect of prior years	-	(41,617)
Deferred taxation on business combinations	-	(35,100)
Adjust deferred tax to average rates	-	6,449
Fixed asset differences	48,700	98,935
Chargeable gains	60,827	1,034
Remeasurement of deferred tax for changes in tax rates	(27,502)	-
Deferred tax not recognised	5,229	-
Taxation credit for the period	(429,237)	(66,950)

HOBBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

12 Intangible fixed assets

	Goodwill	Negative goodwill	Software	Customer relationships	Total
	£	£	£	£	£
Cost					
At 1 May 2019	1,134,093	(341,062)	1,169,279	619,416	2,581,726
Additions - separately acquired	-	-	64,602	-	64,602
At 31 October 2020	1,134,093	(341,062)	1,233,881	619,416	2,646,328
Amortisation and impairment					
At 1 May 2019	688,685	(270,871)	691,159	498,974	1,607,947
Amortisation charged for the period	201,925	(70,191)	347,884	120,442	600,060
At 31 October 2020	890,610	(341,062)	1,039,043	619,416	2,208,007
Carrying amount					
At 31 October 2020	243,483	-	194,838	-	438,321
At 30 April 2019	445,408	(70,191)	478,120	120,442	973,779

13 Tangible fixed assets

	Long leasehold property improvements	Short leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 May 2019	247,728	1,083,520	7,929,578	319,912	735,230	10,315,968
Additions	-	227,155	542,027	19,352	31,975	820,509
Disposals	-	-	(234,635)	-	(141,613)	(376,248)
At 31 October 2020	247,728	1,310,675	8,236,970	339,264	625,592	10,760,229
Depreciation and impairment						
At 1 May 2019	64,409	894,010	6,565,964	286,362	484,486	8,295,231
Depreciation charged in the period	14,863	116,533	917,489	28,144	149,455	1,226,484
Eliminated in respect of disposals	-	-	(233,755)	-	(114,363)	(348,118)
At 31 October 2020	79,272	1,010,543	7,249,698	314,506	519,578	9,173,597
Carrying amount						
At 31 October 2020	168,456	300,132	987,272	24,758	106,014	1,586,632
At 30 April 2019	183,319	189,510	1,363,614	33,550	250,744	2,020,737

HOBBS REPROGRAPHICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 OCTOBER 2020****13 Tangible fixed assets****(Continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Plant and equipment	262,450	283,789

14 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	15	1	1

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 May 2019 & 31 October 2020	1
Carrying amount	
At 31 October 2020	1
At 30 April 2019	1

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2020

15 Subsidiaries

Details of the company's subsidiaries at 31 October 2020 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Hobs Studio Limited		Non-trading	Ordinary shares	100.00	

Registered office addresses (all UK unless otherwise indicated):

1 14 Castle Street, Liverpool, England, L2 0NE

HOBBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

16 Stocks

	2020	2019
	£	£
Raw materials and consumables	361,613	388,799

17 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	2,104,463	4,825,609
Corporation tax recoverable	6,161	5,704
Amounts owed by group undertakings	676,517	11,081,668
Other debtors	408,825	103,905
Prepayments and accrued income	616,601	984,947
	<u>3,812,567</u>	<u>17,001,833</u>
Deferred tax asset (note 23)	667,770	238,990
	<u>4,480,337</u>	<u>17,240,823</u>

	2020	2019
	£	£
Amounts falling due after more than one year:		
Amounts owed by group undertakings	2,629,179	-
Other debtors	92,926	-
	<u>2,722,105</u>	<u>-</u>
Total debtors	<u>7,202,442</u>	<u>17,240,823</u>

18 Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	-	188,488
Obligations under finance leases	31,639	124,585
Other borrowings	658,946	-
Trade creditors	1,497,618	1,885,006
Amounts owed to group undertakings	-	7,074,097
Taxation and social security	602,347	517,521
Other creditors	330,213	580,990
Accruals and deferred income	1,682,339	1,369,403
	<u>4,803,102</u>	<u>11,740,090</u>

HOBBS REPROGRAPHICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 OCTOBER 2020****19 Creditors: amounts falling due after more than one year**

	Notes	2020 £	2019 £
Obligations under finance leases	21	82,151	18,386

20 Borrowings

	2020 £	2019 £
Bank overdrafts	-	188,488
Other borrowings	658,946	-
	<u>658,946</u>	<u>188,488</u>
Payable within one year	<u>658,946</u>	<u>188,488</u>

The other borrowings are secured by way of a fixed and floating charge in favour of HSBC UK Bank PLC.

21 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	36,902	126,052
In two to five years	90,340	19,256
	<u>127,242</u>	<u>145,308</u>
Less: future finance charges	(13,452)	(2,337)
	<u>113,790</u>	<u>142,971</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

	2020 £	2019 £
Dilapidations	547,122	444,190
Onerous lease	39,171	-
	<u>586,293</u>	<u>444,190</u>

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

22 Provisions for liabilities

(Continued)

Movements on provisions:

	Dilapidations	Onerous lease	Total
	£	£	£
At 1 May 2019	444,189	-	444,189
Additional provisions in the year	220,292	54,323	274,615
Utilisation of provision	(117,359)	(15,152)	(132,511)
At 31 October 2020	<u>547,122</u>	<u>39,171</u>	<u>586,293</u>

Dilapidations relate to the amounts provided for the expected remedial work required when vacating leased properties in the future.

Onerous lease relates to certain lease commitments of properties already vacated.

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2020	Assets 2019
	£	£
Balances:		
Accelerated capital allowances	134,367	178,649
Tax losses	520,286	67,508
Business combinations	-	(20,476)
Short term timing differences	13,117	13,309
	<u>667,770</u>	<u>238,990</u>
		2020
Movements in the period:		£
Asset at 1 May 2019		(238,990)
Credit to profit or loss		(428,780)
Asset at 31 October 2020		<u>(667,770)</u>

A deferred tax asset has been recognised in relation to the excess of depreciation over taxation allowances, as well as short term timing differences and tax losses, as the company is forecasting to make taxable profits in the foreseeable future.

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

24 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	330,176	228,916
	<u>330,176</u>	<u>228,916</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Included in other creditors at the period end was £69,037 (2019 - £77,111).

25 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	898,609	902,433
Between two and five years	1,658,917	2,419,420
In over five years	347,710	1,281,186
	<u>2,905,236</u>	<u>4,603,039</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020	2019
	£	£
Acquisition of tangible fixed assets	-	16,237
	<u>-</u>	<u>16,237</u>

HOBBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

28 Ultimate controlling party

The immediate and ultimate parent company is Hobs Group Limited (Formerly Project Nucleus Topco Limited) (company number 12712449), a company registered in England and Wales.

The directors consider there to be no ultimate controlling party of Hobs Group Limited.

Hobs Group Limited is the smallest and largest group for which consolidated accounts including Hobs Reprographics Limited are prepared. The consolidated accounts of Hobs Group Limited are available to the public from its registered office:

14 Castle Street
Liverpool
England
L2 0NE

29 Other Financial Commitments

The Company is party to a cross guarantee relating to amounts owed to HSBC UK Bank PLC. The amount outstanding at the year end was £678,450.

Borrowings in other group companies are secured by way of fixed and floating charges in favour of BGF Nominee, other loan note holders and HSBC UK Bank PLC.