

Hobs Reprographics plc
FINANCIAL STATEMENTS
for the year ended
30 April 2011



Hobs Reprographics plc

FINANCIAL STATEMENTS

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Hobs Reprographics plc
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K J O'Brien
J B Hackett
D Gordon
S Lacey
C Horwood
C Stephens
S Kelly
D C O'Brien

SECRETARY

C Stephens

REGISTERED OFFICE

Unit 305 Vanilla Factory
39 Fleet Street
Liverpool
Merseyside
L1 4AR

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
No 1 Old Hall Street
Liverpool
L3 9SX

BANKERS

HSBC Bank plc
4 Dale Street
Liverpool
L69 2BZ

SOLICITORS

Wilson, Cowie and Dillon
10 Duke Street
Liverpool
L1 5AS

Hobs Reprographics plc

DIRECTORS' REPORT

The directors submit their report and financial statements of Hobs Reprographics plc for the year ended 30 April 2011

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the retailing of drawing office supplies and services

REVIEW OF THE BUSINESS

The directors are satisfied with the performance of the company during the year

FUTURE DEVELOPMENTS

Plans for the year ended 30 April 2011 are for the continued improvement of the company's trading performance and profitability

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £271,000. The directors have not recommended a dividend

RISKS AND UNCERTAINTIES

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.

The directors are not aware of any specific risks or uncertainties, which would have an impact on the company.

KEY PERFORMANCE INDICATORS

The directors review the key performance indicators of the company on an ongoing basis and are satisfied with the actual performance of the company against target.

DIRECTORS

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

K J O'Brien	
J B Hackett	
D Gordon	
S Lacey	
C Horwood	
C Stephens	
S Kelly	(Appointed 19 April 2011)
D C O'Brien	(Appointed 14 April 2011)
J D Hackett	(Resigned 28 October 2010)

Hobs Reprographics plc

DIRECTORS' REPORT

POLICY ON THE PAYMENT OF CREDITORS

It is company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice

Trade creditor days based on creditors at 30 April 2011 were 31 days (2010 24 days)

DONATIONS

During the year the company made the following contributions

	2011	2010
	£	£
Charitable donations	<u>3,950</u>	<u>4,630</u>

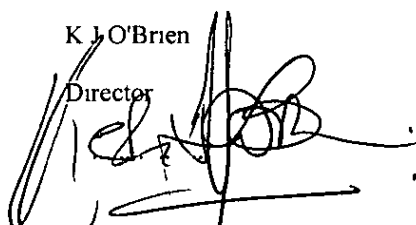
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP have expressed their willingness to continue in office

On behalf of the board

K J O'Brien
Director

28 Oct 2011

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DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HOBS REPROGRAPHICS PLC

We have audited the financial statements on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its profit for the year 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.

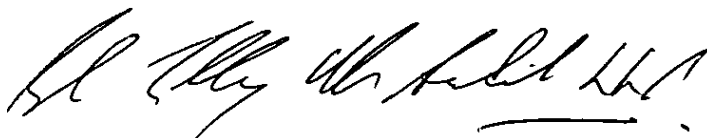
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



E ROBERT AITKEN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

No 1 Old Hall Street

Liverpool

L3 9SX

28/10/2011

Hobs Reprographics plc
PROFIT AND LOSS ACCOUNT
for the year ended 30 April 2011

		2011	2010
	<i>Notes</i>	£	£
TURNOVER	2	18,045,456	18,407,477
Cost of sales		(4,646,993)	(4,656,212)
Gross profit		13,398,463	13,751,265
Administrative expenses		(12,986,286)	(13,321,524)
OPERATING PROFIT	3	412,177	429,741
Interest receivable and similar income	6	135,274	4,770
		547,451	434,511
Interest payable and similar charges	7	–	(20,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		547,451	414,511
Taxation	8	(276,451)	(263,486)
PROFIT FOR THE FINANCIAL YEAR	21	<u>271,000</u>	<u>151,025</u>

The profit for the year arises from the company's continuing operations

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 April 2011

	2011 £	2010 £
Profit for the financial year	271,000	151,025
Actuarial (loss)/gain in respect of defined benefit pension scheme	(222,000)	423,000
Limit on balance sheet defined benefit pension scheme asset	(168,000)	—
Total recognised gains and losses since the last financial statements	<u>(119,000)</u>	<u>574,025</u>

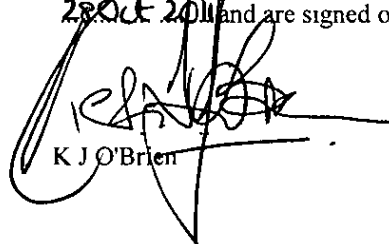
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BALANCE SHEET

30 April 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	9	855,877	1,181,354
Tangible assets	10	2,026,853	2,192,336
Investments	11	2,988,849	—
		<u>5,871,579</u>	<u>3,373,690</u>
CURRENT ASSETS			
Stocks	12	390,525	395,107
Debtors	13	4,838,646	4,963,645
Cash at bank and in hand		4,810,968	4,783,074
		<u>10,040,139</u>	<u>10,141,826</u>
CREDITORS			
Amounts falling due within one year	15	(7,552,526)	(5,354,413)
NET CURRENT ASSETS		<u>2,487,613</u>	<u>4,787,413</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,359,192</u>	<u>8,161,103</u>
PROVISIONS FOR LIABILITIES	16	(101,089)	(73,000)
NET ASSETS EXCLUDING PENSION ASSET		<u>8,258,103</u>	<u>8,088,103</u>
Defined benefit pension scheme asset	17	—	289,000
NET ASSETS INCLUDING PENSION ASSET		<u>8,258,103</u>	<u>8,377,103</u>
CAPITAL AND RESERVES			
Called up share capital	20	50,000	50,000
Profit and loss account	21	8,208,103	8,327,103
SHAREHOLDER'S FUNDS	22	<u>8,258,103</u>	<u>8,377,103</u>

The financial statements on pages 6 to 22 were approved by the board of directors and authorised for issue on 28 Oct 2011 and are signed on their behalf by



K J O'Brien



C Stephens

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

GOING CONCERN

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as the company has adequate cash resources and financial projections indicate that the company will continue to trade within its existing bank facilities. The bank has confirmed the availability of facilities for the foreseeable future subject to there being no change in the existing circumstances.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

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.

GOODWILL

Goodwill comprises the excess of the price paid for the acquisition of reprographic outlets over the aggregate of the fair values of the identifiable assets.

AMORTISATION

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

Goodwill	- 3 - 5 years straight line
----------	-----------------------------

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

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

Freehold property	- 4% straight line
Leasehold property	- 20% straight line
Plant & equipment	- 20-50% straight line
Fixtures & fittings	- 20-25% straight line
Motor vehicles	- 25% straight line

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

1 ACCOUNTING POLICIES *(continued)*

STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition.

Net realisable value is the actual or estimated selling price net of trade discounts, less further costs to completion and all costs to be incurred in marketing, selling and distribution.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company.

Current service costs, past service costs and gains and losses on settlements and curtailments are charged to the profit and loss account. Past service costs are recognised over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount in the profit and loss account as other finance costs or income. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Pension scheme surpluses, (to the extent that they can be recovered) or deficits are recognised in full on the balance sheet, net of related deferred tax.

The company also operates a defined contribution scheme and benefits are funded over the employee's period of service by way of contributions from the company and employees. Contributions are charged to the profit and loss account in the year in which they become payable.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

1 ACCOUNTING POLICIES *(continued)*

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

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

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

INVESTMENTS

Long term investments are classified as fixed assets and are stated at cost in the balance sheet. Provision is made for any impairment in the value of fixed asset investments.

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below.

	2011	2010
	£	£
United Kingdom	<u>18,045,456</u>	<u>18,407,477</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Amortisation of intangible assets	325,477	255,469
Depreciation of owned fixed assets	1,202,666	1,314,947
Profit on disposal of fixed assets	(19,416)	(25,522)
Operating lease costs		
- Other	953,517	1,082,521
Net loss/(profit) on foreign currency translation	62,029	(10,321)
Auditor's remuneration - audit of the financial statements	37,220	63,500
Auditor's remuneration - other fees	28,445	31,070

	2011	2010
	£	£
Auditor's remuneration - audit of the financial statements	37,220	63,500

Auditor's remuneration - other fees

- Taxation services	18,265	20,500
- Information technology services	1,330	-
- Company secretarial services	8,850	10,570
	28,445	31,070

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year was

	2011	2010
	No	No
Number of production staff	239	300

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	7,600,347	7,643,081
Social security costs	647,581	683,832
Staff pension contributions	101,687	80,577
Directors' pensions costs	90,895	82,772
	8,440,510	8,490,262

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 6), charged to finance costs (see note 7), and amounts recognised in the statement of recognised gains and losses

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

5 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Remuneration receivable	1,311,132	1,158,192
Value of company pension contributions to money purchase schemes	90,895	82,772
	<u>1,402,027</u>	<u>1,240,964</u>

Remuneration of highest paid director

	2011	2010
	£	£
Total remuneration (excluding pension contributions)	626,966	583,257
Value of company pension contributions to money purchase schemes	93,063	32,223
	<u>720,029</u>	<u>615,480</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>4</u>	<u>4</u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	£	£
Bank interest receivable	97,274	4,770
Net finance income in respect of defined benefit pension schemes	38,000	—
	<u>135,274</u>	<u>4,770</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Net finance cost in respect of defined benefit pension schemes	<u>—</u>	<u>20,000</u>

Hobs Reprographics plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2011

8 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	326,127	274,107
Total current tax	326,127	274,107
Deferred tax		
Origination and reversal of timing differences	(49,676)	(10,621)
Tax on profit on ordinary activities	276,451	263,486

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2010 - 28%), as explained below

	2011 £	2010 £
Profit on ordinary activities before taxation	547,451	414,511
Profit on ordinary activities by rate of tax	153,286	116,063
Effects of		
Expenses not deductible for tax purposes	89,745	32,910
Difference between capital allowances for period and depreciation	118,765	139,528
Tax chargeable at lower rates	(1,953)	-
Deductions allowed for tax purposes	(28,280)	(7,248)
Profit on disposal of fixed assets	(5,436)	(7,146)
Total current tax (note 8(a))	326,127	274,107

9 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 May 2010 and 30 April 2011	1,493,180
Amortisation	
At 1 May 2010	311,826
Charge for the year	325,477
At 30 April 2011	637,303
Net book value	
At 30 April 2011	855,877
At 30 April 2010	1,181,354

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

10 TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold improvements £	Plant & equipment £	Fixtures & fittings £	Motor vehicles £	Total £
Cost						
At 1 May 2010	309,304	1,075,583	2,627,478	204,084	411,002	4,627,451
Additions	–	4,725	758,372	7,236	292,017	1,062,350
Disposals	–	–	(10,000)	–	(20,392)	(30,392)
At 30 April 2011	<u>309,304</u>	<u>1,080,308</u>	<u>3,375,850</u>	<u>211,320</u>	<u>682,627</u>	<u>5,659,409</u>
Depreciation						
At 1 May 2010	123,720	615,453	1,417,067	105,027	173,848	2,435,115
Charge for the year	12,372	205,823	790,091	44,623	149,757	1,202,666
On disposals	–	–	(5,225)	–	–	(5,225)
At 30 April 2011	<u>136,092</u>	<u>821,276</u>	<u>2,201,933</u>	<u>149,650</u>	<u>323,605</u>	<u>3,632,556</u>
Net book value						
At 30 April 2011	<u>173,212</u>	<u>259,032</u>	<u>1,173,917</u>	<u>61,670</u>	<u>359,022</u>	<u>2,026,853</u>
At 30 April 2010	<u>185,584</u>	<u>460,130</u>	<u>1,210,411</u>	<u>99,057</u>	<u>237,154</u>	<u>2,192,336</u>

11 INVESTMENTS

	Loans to group undertakings £
Loans	
Advanced in year	<u>2,988,849</u>
At 30 April 2011	<u>2,988,849</u>
Net book value	
At 30 April 2011	<u>2,988,849</u>
At 30 April 2010	<u>-</u>

The loan to group undertakings relates to amounts loaned to the parent company Obett Holdings Limited. This is a long term loan and not considered repayable in the short to medium term. No interest is charged on the loan.

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

12 STOCKS

	2011	2010
	£	£
Finished goods	<u>390,525</u>	<u>395,107</u>

The replacement cost of stocks is not considered to be materially different from the balance sheet value

13 DEBTORS

	2011	2010
	£	£
Trade debtors	3,297,210	3,650,938
Amounts owed by group undertakings	483,426	31,520
Corporation tax repayable	—	157,739
Other debtors	26,444	81,349
Prepayments and accrued income	485,543	545,752
Deferred taxation (note 14)	546,023	496,347
	<u>4,838,646</u>	<u>4,963,645</u>

The debtors above include the following amounts falling due after more than one year

	2011	2010
	£	£
Amounts owed by group undertakings	<u>381,739</u>	<u>—</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

14 DEFERRED TAXATION

The deferred taxation included in the balance sheet is as follows

	2011	2010
	£	£
Included in debtors (note 13)	<u>546,023</u>	<u>496,347</u>

The movement in the deferred taxation account during the year was

	2011	2010
	£	£
Balance brought forward	496,347	485,726
Profit and loss account movement arising during the year	49,676	10,621
Balance carried forward	<u>546,023</u>	<u>496,347</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of depreciation over taxation allowances	491,423	496,347
Other timing differences	<u>54,600</u>	<u>-</u>
	<u>546,023</u>	<u>496,347</u>

15 CREDITORS Amounts falling due within one year

	2011	2010
	£	£
Bank overdrafts	-	177
Trade creditors	779,114	554,697
Amounts owed to group undertakings	5,417,345	3,568,987
Amounts owed to undertakings in which the company has a participating interest	47,492	347,673
Corporation tax	4,197	-
Other taxation and social security	337,924	219,938
Other creditors	2,000	5,743
Accruals and deferred income	964,454	657,198
	<u>7,552,526</u>	<u>5,354,413</u>

Some trade creditors have reserved title to goods supplied to the company. Since the extent to which such creditors are effectively secured depends on a number of factors and conditions, some of which are not readily determinable, it is not possible to indicate how much of the above amount is secured under reservation of title.

There is a debenture dated 26 April 2005, in favour of HSBC Bank Plc secured by a fixed and floating charge over all assets of the company.

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

16 PROVISIONS FOR LIABILITIES AND CHARGES

	2011 £
Provision for Onerous Lease	
Balance brought forward	73,000
Movement for year	(14,687)
	<u>58,313</u>
Provision for Dilapidation costs	
Movement for year	<u>42,776</u>
Total provisions	<u>101,089</u>

17 PENSIONS AND OTHER POST RETIREMENT BENEFITS

The company operates a defined benefit and defined contribution pension scheme for employees which the company insures. The assets of the schemes are held in separate trustee administered funds.

The defined benefit scheme is a final salary scheme. The contribution rate is determined by actuaries on the basis of periodic valuations using the projected unit method. The most recent actuarial valuation of the scheme was carried out at 6 April 2009.

The amounts recognised in the profit and loss account are as follows

	2011 £	2010 £
Amounts charged to operating profit		
Current service cost	98,000	130,000
Total operating charge	<u>98,000</u>	<u>130,000</u>
Amounts included in other finance (income)/cost		
Expected return on scheme assets	(297,000)	(232,000)
Interest on scheme liabilities	259,000	252,000
Other finance (income)/cost	<u>(38,000)</u>	<u>20,000</u>
Total charge to the profit and loss account	<u>60,000</u>	<u>150,000</u>
Actual return on scheme assets	<u>557,000</u>	<u>1,207,000</u>

The total operating charge is recognised in the following line items in the profit and loss account

	2011 £	2010 £
Administrative expenses	98,000	130,000
Total operating charge	<u>98,000</u>	<u>130,000</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

17 PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

Other finance income is included in the profit and loss account within interest receivable and similar income

The amounts recognised in the statement of total recognised gains and losses are as follows

	2011	2010
	£	£
Actual return less expected return on pension scheme assets	260,000	975,000
Experience gains and losses arising on scheme liabilities including changes in assumptions underlying the present value of the scheme liabilities	(482,000)	(552,000)
Limit on balance sheet defined benefit pension scheme asset	(168,000)	-
Actuarial (loss)/gain	<u>(390,000)</u>	<u>423,000</u>

The amounts recognised in the balance sheet are as follows

	2011	2010
	£	£
Present value of funded obligations	(5,014,000)	(4,558,000)
Fair value of scheme assets	<u>5,182,000</u>	<u>4,847,000</u>
	168,000	289,000
Deficit restriction	<u>(168,000)</u>	<u>-</u>
Surplus in the scheme after restriction	-	289,000
Net pension asset	<u>-</u>	<u>289,000</u>

The surplus of £168,000 has not been recognised in the balance sheet as it is not considered to be recoverable by a repayment or by reduced future contributions. The asset has been released as an actuarial loss.

Changes in the present value of the defined benefit obligation scheme are as follows

	2011	2010
	£	£
Opening defined benefit obligation	4,558,000	3,696,000
Current service cost	98,000	130,000
Interest on scheme liabilities	259,000	252,000
Actuarial loss	482,000	552,000
Contributions by scheme participants	21,000	25,000
Benefits paid	<u>(404,000)</u>	<u>(97,000)</u>
Closing defined benefit obligation	<u>5,014,000</u>	<u>4,558,000</u>

Changes in the fair value of scheme assets are as follows

	2011	2010
	£	£
Opening fair value of scheme assets	4,847,000	3,541,000
Expected return on scheme assets	297,000	232,000
Contributions by employer	161,000	171,000
Contributions by scheme participants	21,000	25,000
Actuarial gain	260,000	975,000
Benefits paid	<u>(404,000)</u>	<u>(97,000)</u>
Closing fair value of scheme assets	<u>5,182,000</u>	<u>4,847,000</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

17 PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

The fair value of the major categories of scheme assets and the expected rate of return at the balance sheet date are as follows

	Expected return		Fair value of assets	
	2011	2010	2011	2010
	%	%	£	£
Other assets	6.00	6.00	5,182,000	4,847,000
Fair value of scheme assets			<u>5,182,000</u>	<u>4,847,000</u>

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are

	2011	2010
Retiring today		
Males	21	19
Females	24	22
Retiring in 20 years		
Males	22	20
Females	25	23

The company expects to contribute £307,000 to its defined benefit pension plans in 2011/2012.

The principal actuarial assumptions as at the balance sheet date were

	2011	2010
	%	%
Discount rate	6.00	6.00
Expected return on scheme assets	6.00	6.00
Rate of increase in salaries	4.00	5.00
Rate of increase in pensions in payment	3.00	3.00
Rate of increase in deferred pensions	3.00	4.00
Inflation	3.00	4.00

Amounts for the current and previous four periods are as follows

	2011	2010	2009	2008	2007
	£	£	£	£	£
Defined benefit obligation	(5,014,000)	(4,558,000)	(3,696,000)	(4,597,000)	(3,810,000)
Fair value of scheme assets	<u>5,182,000</u>	<u>4,847,000</u>	<u>3,541,000</u>	<u>3,957,000</u>	<u>3,228,000</u>
Surplus/(deficit) in the scheme	<u>168,000</u>	<u>289,000</u>	<u>(155,000)</u>	<u>(640,000)</u>	<u>(582,000)</u>
Experience adjustments on scheme liabilities (£)	<u>(131,000)</u>	<u>286,000</u>	<u>187,000</u>	<u>(30,000)</u>	<u>(70,000)</u>
Experience adjustments on scheme assets (£)	<u>260,000</u>	<u>975,000</u>	<u>(1,455,000)</u>	<u>(355,000)</u>	<u>84,000</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

18 COMMITMENTS UNDER OPERATING LEASES

At 30 April 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire		
Within 1 year	13,061	111,439
Within 2 to 5 years	274,750	214,880
After more than 5 years	539,563	537,676
	<u>827,374</u>	<u>863,995</u>

19 RELATED PARTY TRANSACTIONS

	Opening balance £	Repayments £	Foreign exchange translation £	Closing balance £
Hackett Dyeline Limited	(127,922)	150,673	(22,751)	–
J D Hackett and Company Limited	(220,855)	260,133	(39,278)	–
Total	(348,777)	410,806	(62,029)	–

The transactions during the year ended 30 April 2010 were Hackett Dyeline Limited £1,000 advances and £3,397 foreign exchange translation J D Hackett and Company Limited £5,820 foreign exchange translation

The above companies are considered to be connected undertakings at the balance sheet date as the companies had common directors and shareholders in the year until 28 October 2010 when a transaction was undertaken to restructure Obett Holdings Limited, the immediate parent of the company. As a consequence of the transaction the above companies ceased being related parties of Hobs Reprographics plc on this date. All outstanding balances were settled during the financial year.

The company has taken exemption of the exemption in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group headed by Obett Holdings Limited.

20 SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid 50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

21 PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
At the beginning of the year	8,327,103	7,753,078
Profit for the financial year	271,000	151,025
Defined pension benefit scheme	(390,000)	423,000
At the end of the year	<u>8,208,103</u>	<u>8,327,103</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011	2010
	£	£
Profit for the financial year	271,000	151,025
Actuarial (loss)/gain in respect of defined benefit pension scheme	(390,000)	423,000
Net (reduction)/addition to shareholder's funds	(119,000)	574,025
Opening shareholder's funds	8,377,103	7,803,078
Closing shareholder's funds	<u>8,258,103</u>	<u>8,377,103</u>

23 ULTIMATE PARENT COMPANY

The immediate and ultimate parent company is Obett Holdings Limited, a company registered in England
The consolidated accounts of Obett Holdings Limited are available to the public from its registered office

Unit 305 Vanilla Factory
30 Fleet Street
Liverpool
L1 4AR