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Hobs Reprographics plc

FINANCIAL STATEMENTS

for the year ended

30 April 2013

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Hobs Reprographics plc

FINANCIAL STATEMENTS

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K J O'Brien
J B Hackett
D Gordon
S Lacey
C Horwood
D C O'Brien
N Johns
S P Walsh-Hill

SECRETARY

S P Walsh-Hill

REGISTERED OFFICE

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

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

BANKERS

HSBC Bank plc
4 Dale Street
Liverpool
L69 2BZ

SOLICITORS

Hill Dickinson
1 St Paul's Square
Old Hall Street
Liverpool
L3 9SJ

Hobs Reprographics plc

DIRECTORS' REPORT

The directors submit their report and financial statements of Hobs Reprographics plc for the year ended 30 April 2013

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 as at the year ended 30 April 2013 are for the continued improvement of the company's trading performance and profitability

RESULTS AND DIVIDENDS

The profit for the year amounted to £206,095 (2012 - profit £491,226) 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	
D C O'Brien	
N Johns	
Mr S P Walsh-Hill	(Appointed 1 January 2013)
C Stephens	(Resigned 13 December 2012)
S Kelly	(Resigned 31 May 2012)

FIXED ASSETS

In the opinion of the directors, the net book value of freehold properties shown in the accounts at £570,289 approximates to their market value

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 2013 were 33 days (2012 - 51days)

DONATIONS

During the year the company made the following contributions

	2013 £	2012 £
Charitable donations	<u>4,083</u>	<u>3,300</u>

DISABLED EMPLOYEES

The company is committed to fulfilling its obligations in accordance with the Disability Discrimination Act 1995 and best practice, giving equal consideration to applicants with disabilities in its employment criteria. 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.

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.

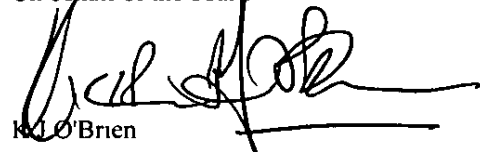
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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 has 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



Noel O'Brien

Director

2 September 2013

Hobs Reprographics plc

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 MEMBERS 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 Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

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 2013 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

3 Hardman Street

Manchester

M3 3HF

4 September 2013

Hobs Reprographics plc
PROFIT AND LOSS ACCOUNT
for the year ended 30 April 2013

		2013	2012
	<i>Notes</i>	£	£
TURNOVER	2	18 118,137	18,075,822
Cost of sales		(4,479,926)	(4,544,460)
GROSS PROFIT		13,638,211	13,531,362
Administrative expenses excluding exceptional items		(13,930,464)	(13,120,370)
Exceptional administrative expenses	7	–	(120,000)
Administrative expenses		(13,930,464)	(13,240,370)
Other operating income	3	400,000	–
OPERATING PROFIT	4	107,747	290,992
Profit on disposal of fixed assets	8	–	179,881
		107,747	470,873
Interest receivable and similar income	9	49,034	83,633
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		156,781	554,506
Taxation	10	49,314	(63,280)
PROFIT FOR THE FINANCIAL YEAR	23	206,095	491,226

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 2013

	2013 £	2012 £
Profit for the financial year	206,095	491,226
Actuarial loss in respect of defined benefit pension scheme	(1,042,000)	(709,000)
Deferred tax on actuarial gains and losses	195,500	
Opening/(limit on balance sheet) defined benefit pension scheme asset	183,000	(15,000)
Total recognised gains and losses since the last financial statements	<u>(457,405)</u>	<u>(232,774)</u>

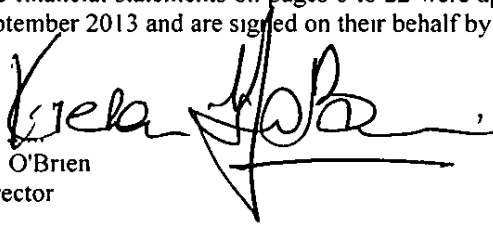
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BALANCE SHEET

30 April 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Intangible assets	11	222,144	530,400
Tangible assets	12	2,791,656	2,858,333
Investments	13	3,501,600	3,251,599
		<u>6,515,400</u>	<u>6,640,332</u>
CURRENT ASSETS			
Stocks	14	381,566	357,477
Debtors	15	10,871,900	5,723,358
Cash at bank and in hand		3,963,145	3,477,302
		<u>15,216,611</u>	<u>9,558,137</u>
CREDITORS			
Amounts falling due within one year	17	(13,334,350)	(7,969,988)
NET CURRENT ASSETS			
		<u>1,882,261</u>	<u>1,588,149</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>8,397,661</u>	<u>8,228,481</u>
PROVISIONS FOR LIABILITIES			
	18	(175,237)	(203,152)
NET ASSETS EXCLUDING PENSION DEFICIT			
		<u>8,222,424</u>	<u>8,025,329</u>
PENSION DEFICIT			
	19	(654,500)	—
NET ASSETS			
		<u>7,567,924</u>	<u>8,025,329</u>
CAPITAL AND RESERVES			
Called up share capital	22	50,000	50,000
Profit and loss account	23	7,517,924	7,975,329
SHAREHOLDER'S FUNDS			
	24	<u>7,567,924</u>	<u>8,025,329</u>

The financial statements on pages 6 to 22 were approved by the board of directors and authorised for issue on 2 September 2013 and are signed on their behalf by


K J O'Brien
Director

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

1 ACCOUNTING POLICIES *(continued)*

DEPRECIATION

Depreciation is calculated so as to write off the cost of a tangible fixed 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

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.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

1 ACCOUNTING POLICIES *(continued)*

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

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

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

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

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

PROVISIONS

Specific provision is made for liabilities arising in respect of expected dilapidation costs on leased properties and onerous leases which can be estimated with reasonable certainty in respect of amount and timing

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

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

	2013	2012
	£	£
United Kingdom	<u>18,118,137</u>	<u>18,075,822</u>

3 OTHER OPERATING INCOME

	2013	2012
	£	£
Management charges receivable	<u>400,000</u>	<u>—</u>

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2013	2012
	£	£
Amortisation of intangible assets	308,256	325,477
Depreciation of owned fixed assets	1,167,188	1,175,828
Profit on disposal of fixed assets	(33,903)	(45,181)
Auditor's remuneration for statutory audit	29,386	38,640
Operating lease costs		
- Other	<u>915,634</u>	<u>1,019,890</u>

Statutory information on remuneration for other services provided by the company's auditors and its associates is given on a consolidated basis in the group accounts of the parent company (Obett Holdings Limited)

5 PARTICULARS OF EMPLOYEES

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

	2013	2012
	No	No
Number of production staff	<u>253</u>	<u>242</u>

The aggregate payroll costs of the above were

	2013	2012
	£	£
Wages and salaries	7,463,581	7,607,873
Social security costs	863,861	874,905
Staff pension contributions	155,796	195,463
Directors' pensions costs	29,950	(571,884)
	<u>8,513,188</u>	<u>8,106,357</u>

Pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 9) and amounts recognised in the statement of recognised gains and losses. In the prior year they do include a credit for gains on settlements and curtailments of £246,000 and an amount of £350,000 in relation to the freehold interest in a property transferred (see note 19)

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2013	2012
	£	£
Remuneration receivable	1,264,045	1,600,170
Value of company pension contributions to money purchase schemes	29,950	84,116
	<u>1,293,995</u>	<u>1,684,286</u>

Remuneration of highest paid director

	2013	2012
	£	£
Total remuneration (excluding pension contributions)	556,798	691,911
Value of company pension contributions to money purchase schemes	–	7,294
	<u>556,798</u>	<u>699,205</u>

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

	2013	2012
	No	No
Money purchase schemes	<u>5</u>	<u>6</u>

7 EXCEPTIONAL ITEMS

	2013	2012
	£	£
Recognised in arriving at operating profit		
Exceptional item	<u>-</u>	<u>(120,000)</u>

During the prior year the company incurred exceptional costs arising from the need to provide for dilapidations

8 PROFIT ON DISPOSAL OF FIXED ASSETS

	2013	2012
	£	£
Profit on disposal of fixed assets to pension scheme	<u>-</u>	<u>179,881</u>

9 INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012
	£	£
Bank interest receivable	40,034	15,633
Net finance income in respect of defined benefit pension schemes	9,000	68,000
	<u>49,034</u>	<u>83,633</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

10 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2013 £	2012 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 24% (2012 - 26%)	178,753	3,412
Over/under provision in prior year	6,588	(50,098)
Total current tax	185,341	(46,686)
Deferred tax		
Origination and reversal of timing differences	(234,655)	109,966
Tax on profit on ordinary activities	<u>(49,314)</u>	<u>63,280</u>

(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 24% (2012 - 26%), as explained below

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>156,781</u>	<u>554,506</u>
Profit on ordinary activities by rate of tax	37,386	144,172
Effects of		
Expenses not deductible for tax purposes	10,220	37,536
Difference between capital allowances for period and depreciation	112,830	78,146
FRS17 pension scheme adjustment	(2,153)	-
Tax chargeable at lower rates	-	(1,833)
Adjustments to tax charge in respect of previous periods	6,588	(50,098)
Rounding differences	(17)	-
Other short-term timing differences	-	(2,016)
Deductions allowed for tax purposes	-	(193,344)
Profit on disposal of fixed assets	(8,110)	(58,516)
Transfer pricing adjustment and group relief	28,597	(733)
Total current tax (note 10(a))	<u>185,341</u>	<u>(46,686)</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

11 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 May 2012 and 30 April 2013	<u>1,493,180</u>
Amortisation	
At 1 May 2012	962,780
Charge for the year	<u>308,256</u>
At 30 April 2013	<u>1,271,036</u>
Net book value	
At 30 April 2013	<u>222,144</u>
At 30 April 2012	<u>530,400</u>

12 TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold improvements £	Plant & equipment £	Fixtures & fittings £	Motor vehicles £	Total £
Cost						
At 1 May 2012	348,420	1,238,762	4,880,346	260,331	793,791	7,521,650
Additions	247,728	5,601	739,924	18,265	148,866	1,160,384
Disposals	—	—	—	—	(222,848)	(222,848)
At 30 April 2013	<u>596,148</u>	<u>1,244,363</u>	<u>5,620,270</u>	<u>278,596</u>	<u>719,809</u>	<u>8,459,186</u>
Depreciation						
At 1 May 2012	6,968	946,697	3,065,217	181,509	462,926	4,663,317
Charge for the year	18,891	114,417	880,655	30,367	122,858	1,167,188
On disposals	—	—	—	—	(162,975)	(162,975)
At 30 April 2013	<u>25,859</u>	<u>1,061,114</u>	<u>3,945,872</u>	<u>211,876</u>	<u>422,809</u>	<u>5,667,530</u>
Net book value						
At 30 April 2013	<u>570,289</u>	<u>183,249</u>	<u>1,674,398</u>	<u>66,720</u>	<u>297,000</u>	<u>2,791,656</u>
At 30 April 2012	<u>341,452</u>	<u>292,065</u>	<u>1,815,129</u>	<u>78,822</u>	<u>330,865</u>	<u>2,858,333</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

13 INVESTMENTS

	Loans to group undertakings £	Shares in subsidiary undertakings £	Total £
Cost			
At 1 May 2012	-	262,750	262,750
Additions	-	250,001	250,001
At 30 April 2013	-	512,751	512,751
Loans			
At 1 May 2012 and 30 April 2013	2,988,849	-	2,988,849
Net book value			
At 30 April 2013	2,988,849	512,751	3,501,600
At 30 April 2012	2,988,849	262,750	3,251,599

The brought forward 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.

During the year the company acquired 100% of the issued share capital of Manchester Print Graphics Limited, a company incorporated in England. The principal activity of Manchester Print Graphics Limited is reprographics for the legal sector, printing and producing promotional merchandise.

	2013 £	2012 £
Aggregate capital and reserves		
T P R (Berkshire) Limited	4,325	(23,252)
Manchester Print Graphics Limited	498	-
Profit and (loss) for the year		
T P R (Berkshire) Limited	38,385	(21,569)
Manchester Print Graphics Limited	730	-

14 STOCKS

	2013 £	2012 £
Finished goods	381,566	357,477

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

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

15 DEBTORS

	2013	2012
	£	£
Trade debtors	3,970,581	3,378,864
Amounts owed by group undertakings	5,636,001	1,165,285
Corporation tax repayable	–	159,931
Other debtors	74,618	104,182
Prepayments and accrued income	519,988	479,039
Deferred taxation asset (note 16)	670,712	436,057
	<u>10,871,900</u>	<u>5,723,358</u>

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

	2013	2012
	£	£
Amounts owed by group undertakings	<u>184,750</u>	<u>485,021</u>

16 DEFERRED TAXATION ASSET

The deferred taxation included in the balance sheet is as follows

	2013	2012
	£	£
Included in debtors (note 15)	<u>670,712</u>	<u>436,057</u>

The movement in the deferred taxation account during the year was

	2013	2012
	£	£
Balance brought forward	436,057	546,023
Profit and loss account movement arising during the year	234,655	(109,966)
Balance carried forward	<u>670,712</u>	<u>436,057</u>

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

	2013	2012
	£	£
Excess of depreciation over taxation allowances	670,712	428,857
Other timing differences	-	7,200
	<u>670,712</u>	<u>436,057</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

17 CREDITORS Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	754,684	1,118,125
Amounts owed to group undertakings	10,696,997	5,593,489
Corporation tax	128,105	–
Other taxation and social security	855,061	298,769
Amounts owed to connected parties	84,992	84,989
Accruals and deferred income	814,511	874,616
	<u>13,334,350</u>	<u>7,969,988</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.

18 PROVISIONS FOR LIABILITIES AND CHARGES

	2013
	£
Provision for onerous lease	
Balance brought forward	43,626
Movement for year	(27,915)
	<u>15,711</u>
Provision for dilapidation costs	
Balance brought forward and carried forward	<u>159,526</u>
Total provisions	<u>175,237</u>

19 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 scheme was closed on 5 April 2012.

The amounts recognised in the balance sheet are as follows -

	2013	2012
	£	£
Present value of funded obligations	(6,930,000)	(5,132,000)
Fair value of plan assets	<u>6,080,000</u>	<u>5,315,000</u>
Deficit/ asset	(850,000)	183,000
Unrecognised in the accounts	-	(183,000)
Deferred tax asset	<u>195,500</u>	-
Net liability	<u>(654,500)</u>	-

The prior year surplus of £183,000 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

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

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

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

	2013 £	2012 £
<i>Amounts credited to operating profit</i>		
Current service cost	–	113,000
Gains on settlements and curtailments	–	(246,000)
Total operating credit	–	(133,000)
	2013 £	2012 £
<i>Amounts included in other finance income</i>		
Expected return on scheme assets	(276,000)	(344,000)
Interest on scheme liabilities	267,000	276,000
Other finance income	(9,000)	(68,000)
Total credit to the profit and loss account	(9,000)	(201,000)
Actual return on scheme assets	765,000	(342,000)

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

	2013 £	2012 £
Administrative expenses	–	(133,000)
Total operating credit	–	(133,000)

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

Actuarial losses of £(1,042,000) (2012 £(709,000)) have been recognised in the statement of total recognised gains and losses. At 30 April 2013 the cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £(2,129,000) (2012, £(1,453,000))

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

	2013 £	2012 £
Opening defined benefit obligation	5,132,000	5,014,000
Current service cost	–	113,000
Gains on curtailments	–	(246,000)
Interest on scheme liabilities	267,000	276,000
Actuarial loss	1,531,000	23,000
Contributions by scheme participants	–	16,000
Benefits paid	–	(64,000)
Closing defined benefit obligation	6,930,000	5,132,000

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

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

Changes in the fair value of scheme assets are as follows

	2013	2012
	£	£
Opening fair value of scheme assets	5,315,000	5,182,000
Expected return on scheme assets	276,000	344,000
Contributions by employer	—	523,000
Contributions by scheme participants	—	16,000
Actuarial gain/(loss)	489,000	(686,000)
Benefits paid	—	(64,000)
Closing fair value of scheme assets	<u>6,080,000</u>	<u>5,315,000</u>

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	
	2013	2012	2013	2012
	%	%	£	£
Other assets	5.3	5.8	6,080,000	5,315,000
Fair value of scheme assets			<u>6,080,000</u>	<u>5,315,000</u>

The expected return on assets is obtained by considering the expected return on risk free investments (primarily government bonds), the historic level of the risk premium associated with other asset classes and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the underlying distribution of assets within the policy at the relevant date.

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

	2013	2012
Retiring today		
Males	22	21
Females	24	24
Retiring in 20 years		
Males	24	22
Females	26	25

An actuarial valuation of the Scheme on behalf of the Trustees is due at 30 April 2013. This will involve discussions about the level of Employer contributions to be paid in the future, with the likelihood that this will include contributions due over the next financial period. Therefore, a reasonable estimate of expected contributions to the defined benefit pension plan in 2013/2014 cannot be made.

The principal actuarial assumptions as at the balance sheet date were:

	2013	2012
	%	%
Discount rate	4.1	5.2
Expected return on scheme assets	5.3	5.8
Rate of increase in pensions in payment	2.6	2.4
Rate of increase in deferred pensions	3.3	3.1
Inflation	2.7	2.5

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

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

Amounts for the current and previous four periods are as follows

	2013 £	2012 £	2011 £	2010 £	2009 £
Defined benefit obligation	(6,930,000)	(5,132,000)	(5,014,000)	(4,558,000)	(3,696,000)
Fair value of scheme assets	<u>6,080,000</u>	<u>5,315,000</u>	<u>5,182,000</u>	<u>4,847,000</u>	<u>3,541,000</u>
(Deficit)/surplus in the scheme	<u>(850,000)</u>	<u>183,000</u>	<u>168,000</u>	<u>289,000</u>	<u>(155,000)</u>
Experience adjustments on scheme liabilities (£)	<u>41,000</u>	<u>(215,000)</u>	<u>(131,000)</u>	<u>286,000</u>	<u>187,000</u>
Experience adjustments on scheme assets (£)	<u>(489,000)</u>	<u>(686,000)</u>	<u>260,000</u>	<u>975,000</u>	<u>(1,455,000)</u>

20 COMMITMENTS UNDER OPERATING LEASES

At 30 April 2013 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2013 £	2012 £
Operating leases which expire		
Within 2 to 5 years	291,705	430,398
After more than 5 years	<u>465,459</u>	<u>498,459</u>
	<u>757,164</u>	<u>928,857</u>

21 RELATED PARTY TRANSACTIONS

Hobs Legal Docs Limited

Included in creditors at the year end is a balance due to Hobs Legal Docs Limited, a fellow group company, of £402,762 (2012 - £732,870). The balance is made up of staff costs which have been recharged from Hobs Reprographics plc to Hobs Legal Docs Limited, cash transfers from Hobs Legal Docs Limited to Hobs Reprographics plc for investment purposes and payments made by Hobs Reprographics plc on behalf of Hobs Legal Docs Limited.

J B Hackett

J B Hackett is a director of the company. During the year the group was charged consultancy fees of £126,062 (2012 - £37,500) and at the year end £50,000 (2012 - £37,500) was due by the company and is included in creditors in amounts owed to connected parties.

The company has taken 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.

22 SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2013

23 PROFIT AND LOSS ACCOUNT

	2013	2012
	£	£
At the beginning of the year	7,975,329	8,208,103
Profit for the financial year	206,095	491,226
Defined pension benefit scheme	(663,500)	(724,000)
At the end of the year	<u>7,517,924</u>	<u>7,975,329</u>

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013	2012
	£	£
Profit for the financial year	206,095	491,226
Actuarial loss in respect of defined benefit pension scheme	(663,500)	(724,000)
Net reduction to shareholder's funds	(457,405)	(232,774)
Opening shareholder's funds	<u>8,025,329</u>	<u>8,258,103</u>
Closing shareholder's funds	<u>7,567,924</u>	<u>8,025,329</u>

25 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.

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