

Hobs Reprographics plc

FINANCIAL STATEMENTS

for the year ended

30 April 2014

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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
D C O'Brien
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

STRATEGIC REPORT

for the year ended 30 April 2014

REVIEW OF THE BUSINESS

The directors are pleased to report that during the year the company significantly increased turnover in line with the business plan set out at the beginning of the year.

During the year the company made further investment in 3D printing capabilities and launched the Hobs Studio concept which incorporates 3D printing, augmented reality and CGI to complement other reprographic services. This ensures Hobs Reprographics remains at the forefront of technology for its customers.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty of the company's business is the impact of the wider economy and specifically the architecture, engineering and construction (AEC) industries along with the impact of new technology. 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.

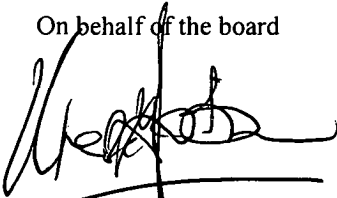
KEY PERFORMANCE INDICATORS

The directors monitor performance through the production of detailed annual budgets and reforecasts and then monitor the performance by comparing actual results against these budgets.

When considering the performance of the company, particular focus is given to sales, gross profit and profit on ordinary activities before taxation. Sales and gross profit margins for 2014 are in line with the prior year, with profit on ordinary activities before tax margin of 3.2% (2013 – 0.9%).

The directors are satisfied with the performance of the company during the year, particularly given the level of investment in technology, thus ensuring the company is well placed for the future.

On behalf of the board



K J O'Brien
Director

9/9/14 2014

Hobs Reprographics plc

DIRECTORS' REPORT

The directors submit their report and financial statements of Hobs Reprographics plc for the year ended 30 April 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the supply of reprographic services including 3D and CGI.

FUTURE DEVELOPMENTS

With growth returning to the core AEC marketplace, the Directors feel the company is well placed to capitalise on the recovery in the industry following investment in new technology and strategic acquisitions.

Whilst making sizeable investment in technology, the divisions have also embarked on a cost reduction programme to ensure the company maximises trading performance and profitability over the year to April 2015.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £136,849 (2013 – £206,095). The directors have not recommended a dividend.

On 1 November 2013 the trade and net assets of a wholly owned subsidiary, Manchester Print Graphics Limited were transferred to the company by way of an intercompany transaction at book value.

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.

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 (resigned 20 December 2013)
S P Walsh-Hill

FIXED ASSETS

In the opinion of the directors, the net book value of freehold properties shown in the accounts at £800,376 approximates to their market value.

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.

Hobs Reprographics plc

DIRECTORS' REPORT

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 THE 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 has expressed its willingness to continue in office.

On behalf of the board



K J O'Brien
Director
9/9/14

Hobs Reprographics plc

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 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 7 to 25. 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 5, 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 www.frc.org.uk/auditscopeukprivate.

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 2014 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 Strategic Report and 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.

Baker Tilly UK Audit LLP

JONATHAN LOWE (Senior Statutory Auditor)

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

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

9 SEPTEMBER 2014

Hobs Reprographics plc

PROFIT AND LOSS ACCOUNT

for the year ended 30 April 2014

	<i>Notes</i>	2014 £	2013 £
TURNOVER	2	21,671,675	18,118,137
Cost of sales		(5,968,374)	(4,479,926)
Gross profit		15,703,301	13,638,211
Administrative expenses		(15,478,532)	(13,930,464)
Other operating income	3	450,000	400,000
OPERATING PROFIT	4	674,769	107,747
Interest receivable and similar income	7	20,059	49,034
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		694,828	156,781
Taxation	8	(557,979)	49,314
PROFIT FOR THE FINANCIAL YEAR	21	<u>136,849</u>	<u>206,095</u>

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

Hobs Reprographics plc

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 April 2014

	2014 £	2013 £
Profit for the financial year	136,849	206,095
Actuarial gain/(loss) in respect of defined benefit pension scheme	539,000	(1,042,000)
(Limit)/release of limit on balance sheet defined benefit pension scheme asset	(79,000)	183,000
Deferred tax on actuarial gains and losses	(195,500)	195,500
Total recognised gains and losses since the last financial statements	<u>401,349</u>	<u>(457,405)</u>

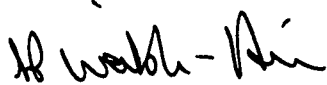
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BALANCE SHEET

30 April 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Intangible assets	9	266,776	222,144
Tangible assets	10	3,096,903	2,791,656
Investments	11	3,802,398	3,501,600
		<u>7,166,077</u>	<u>6,515,400</u>
CURRENT ASSETS			
Stocks	12	552,812	381,566
Debtors	13	10,951,570	10,871,900
Cash at bank and in hand		4,418,320	3,963,145
		<u>15,922,702</u>	<u>15,216,611</u>
CREDITORS			
Amounts falling due within one year	15	(14,908,288)	(13,334,350)
NET CURRENT ASSETS		<u>1,014,414</u>	<u>1,882,261</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,180,491</u>	<u>8,397,661</u>
PROVISIONS FOR LIABILITIES	16	(211,218)	(175,237)
NET ASSETS EXCLUDING PENSION ASSET/(DEFICIT)		<u>7,969,273</u>	<u>8,222,424</u>
Defined benefit pension scheme asset/(deficit)	17	—	(654,500)
NET ASSETS INCLUDING PENSION ASSET		<u>7,969,273</u>	<u>7,567,924</u>
CAPITAL AND RESERVES			
Called up share capital	20	50,000	50,000
Profit and loss account	21	7,919,273	7,517,924
SHAREHOLDER'S FUNDS	22	<u>7,969,273</u>	<u>7,567,924</u>

The financial statements on pages 7 to 25 were approved by the board of directors and authorised for issue on 9/9/14 and are signed on their behalf by:



 S P Walsh-Hill

Director

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

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.

CONSOLIDATION

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 400 of the Companies Act 2006, as it is a wholly owned subsidiary undertaking of Obett Holdings Limited, a company incorporated in England and Wales and is included in the consolidated accounts of that company.

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 fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 3 - 5 years straight line
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FIXED ASSETS

All fixed assets are initially recorded at cost.

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

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.

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

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, 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.

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.

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.

PROVISIONS

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 2014

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:

	2014	2013
	£	£
United Kingdom	21,553,105	18,118,137
Overseas	118,570	–
	<u>21,671,675</u>	<u>18,118,137</u>

3 OTHER OPERATING INCOME

	2014	2013
	£	£
Management charges receivable	<u>450,000</u>	<u>400,000</u>

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Amortisation of intangible assets	291,738	308,256
Depreciation of fixed assets	1,170,925	1,167,188
Profit on disposal of fixed assets	(38,605)	(33,903)
Auditor's remuneration for statutory audit	20,000	29,386
Operating lease costs:		
- Other	<u>899,813</u>	<u>915,634</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:

	2014	2013
	No	No
Number of staff	<u>285</u>	<u>253</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	8,665,541	7,195,038
Social security costs	834,919	863,861
Staff pension contributions	83,398	155,796
Directors' pensions costs	32,286	29,950
	<u>9,616,144</u>	<u>8,244,645</u>

Pension costs are amounts charged to operating profit and do not include amounts credited to finance income and amounts recognised in the statement of recognised gains and losses.

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	1,498,117	1,264,045
Value of company pension contributions to money purchase schemes	32,286	29,950
	<u>1,530,403</u>	<u>1,293,995</u>

Remuneration of highest paid director:

	2014	2013
	£	£
Total remuneration (excluding pension contributions)	685,249	556,798
Pension	—	—
	<u>685,249</u>	<u>556,798</u>

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

	2014	2013
	No	No
Money purchase schemes	<u>5</u>	<u>5</u>

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Bank interest receivable	20,059	40,034
Net finance income in respect of defined benefit pension schemes	—	9,000
	<u>20,059</u>	<u>49,034</u>

8 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2014	2013
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 22.84% (2013 - 24%)	57,028	178,753
Under provision in prior year	2,077	6,588
	59,105	185,341
Group relief payment	228,890	—
Total current tax	<u>287,995</u>	<u>185,341</u>
Deferred tax:		
Origination and reversal of timing differences	269,984	(234,655)
Tax on profit on ordinary activities	<u>557,979</u>	<u>(49,314)</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

8 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

	2014	2013
	£	£
Profit on ordinary activities before taxation	<u>694,828</u>	<u>156,781</u>
Profit on ordinary activities by rate of tax	158,699	37,386
Effects of:		
Expenses not deductible for tax purposes	9,277	10,220
Difference between capital allowances for period and depreciation	71,642	112,830
FRS 17 pension scheme adjustment	(89,076)	(2,153)
Adjustments to tax charge in respect of previous periods	2,077	6,588
Tax charged at lower rates	(13)	-
Provisions tax adjustment	3,426	-
Rounding differences	-	(17)
Profit on disposal of fixed assets	(8,817)	(8,110)
Transfer pricing adjustment and group relief	<u>140,780</u>	<u>28,597</u>
Total current tax (note 8(a))	<u>287,995</u>	<u>185,341</u>

During the year tax losses of £410,018 were purchased from Hobs Exchange Ltd for consideration of £228,890.

9 INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost	
At 1 May 2013	1,493,180
Transfer	336,370
At 30 April 2014	<u>1,829,550</u>
Amortisation	
At 1 May 2013	1,271,036
Charge for the year	291,738
At 30 April 2014	<u>1,562,774</u>
Net book value	
At 30 April 2014	<u>266,776</u>
At 30 April 2013	<u>222,144</u>

On 1 November 2013 the trade and net assets of a wholly owned subsidiary, Manchester Print Graphics Limited were transferred to the company by way of an intercompany transaction at book value.

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

10 TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold improvements £	Plant & equipment £	Fixtures & fittings £	Motor vehicles £	Total £
Cost						
At 1 May 2013	596,148	1,244,363	5,620,270	278,596	719,809	8,459,186
Additions	260,000	162,977	762,573	80,586	137,934	1,404,070
Disposals	—	—	(168,384)	—	(67,172)	(235,556)
Transfer	—	7,129	102,283	786	18,811	129,009
At 30 April 2014	<u>856,148</u>	<u>1,414,469</u>	<u>6,316,742</u>	<u>359,968</u>	<u>809,382</u>	<u>9,756,709</u>
Depreciation						
At 1 May 2013	25,859	1,061,114	3,945,872	211,876	422,809	5,667,530
Charge for the year	29,913	110,344	841,031	31,826	157,811	1,170,925
On disposals	—	—	(115,479)	—	(63,170)	(178,649)
Transfer	—	(530)	530	—	—	—
At 30 April 2014	<u>55,772</u>	<u>1,170,928</u>	<u>4,671,954</u>	<u>243,702</u>	<u>517,450</u>	<u>6,659,806</u>
Net book value						
At 30 April 2014	<u>800,376</u>	<u>243,541</u>	<u>1,644,788</u>	<u>116,266</u>	<u>291,932</u>	<u>3,096,903</u>
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>

On 1 November 2013 the trade and net assets of a wholly owned subsidiary, Manchester Print Graphics Limited were transferred to the company by way of an intercompany transaction at book value.

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

11 INVESTMENTS

	Loans to group undertakings £	Shares in subsidiary undertakings £	Total £
Cost			
At 1 May 2013 and 30 April 2014	-	512,751	512,751
Loans			
At 1 May 2013	2,988,849	-	2,988,849
Advanced in year	300,798	-	300,798
At 30 April 2014	3,289,647	-	3,289,647
Net book value			
At 30 April 2014	3,289,647	512,751	3,802,398
At 30 April 2013	2,988,849	512,751	3,501,600

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
SUBSIDIARY UNDERTAKINGS				
T.P.R (Berkshire) Limited	England	Ordinary shares	100%	Reprographics
Manchester Print Graphics Limited	England	Ordinary shares	100%	Reprographics

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.

12 STOCKS

	2014 £	2013 £
Finished goods	552,812	381,566

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 2014

13 DEBTORS

	2014	2013
	£	£
Trade debtors	4,916,159	3,970,581
Amounts owed by group undertakings	4,736,800	5,636,001
Other debtors	205,874	74,618
Directors current account	22,498	-
Prepayments and accrued income	669,280	519,988
Deferred taxation (note 14)	400,959	670,712
	<u>10,951,570</u>	<u>10,871,900</u>

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

	2014	2013
	£	£
Amounts owed by group undertakings	<u>-</u>	<u>289,383</u>

14 DEFERRED TAXATION

The deferred taxation included in the balance sheet is as follows:

	2014	2013
	£	£
Included in debtors (note 13)	<u>400,959</u>	<u>670,712</u>

The movement in the deferred taxation asset during the year was:

	2014	2013
	£	£
Balance brought forward	670,712	436,057
Arising on acquisition of trade and assets from Manchester Print Graphics Limited	231	-
Profit and loss account movement arising during the year	(269,984)	234,655
Balance carried forward	<u>400,959</u>	<u>670,712</u>

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

	2014	2013
	£	£
Excess of depreciation over taxation allowances	391,959	468,312
Short term timing differences	9,000	6,900
Defined benefit pension scheme	-	195,500
	<u>400,959</u>	<u>670,712</u>

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

15 CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	1,934,328	754,684
Amounts owed to group undertakings	10,730,738	10,696,997
Corporation tax	102,023	128,105
Other taxation and social security	1,028,365	855,061
Other creditors	24,992	–
Amounts owed to connected parties	84,992	84,992
Accruals and deferred income	1,002,850	814,511
	<u>14,908,288</u>	<u>13,334,350</u>

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.

There is a rent deposit deed dated 22 March 2005, in favour of A H Dutton, J L Redmond and A P Hurst secured by £10,000.

There is a debenture dated 29 September 1995, in favour of The Bank of Ireland secured on the company and on all assets of the company.

There is a legal charge dated 16 January 1989, in favour of Midland Bank Plc secured by a fixed and floating charge over all assets of the company.

16 PROVISIONS FOR LIABILITIES

	2014
	£
Provision for onerous lease:	
Balance brought forward	15,711
Movement for year	(13,993)
	<u>1,718</u>
Provision for dilapidation costs:	
Balance brought forward	159,526
Movement for year	49,974
	<u>209,500</u>
Total provisions	<u>211,218</u>

17 PENSIONS AND OTHER POST RETIREMENT BENEFITS

The company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 6 April 2012. An updated valuation as at 30 April 2014 has been carried out by a qualified actuary independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

As there are no active members in pensionable service, no employer contributions are required in respect of future service benefits. The new schedule of contributions following the 6 April 2012 valuation requires the employer to pay at least £150,000 per annum in respect of the funding shortfall. From 6 April 2014 this amount will increase to at least £350,000 per annum and will be payable until 5 April 2020.

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

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

Assumptions

	2014 % per annum	2013 % per annum
Rate of discount	4.30	4.10
Inflation (RPI)	3.40	3.30
Inflation (CPI)	2.40	2.60
Allowance for revaluation of deferred pensions of RPI or £5% pa if less	3.40	3.30
Allowance for pension in payment increases of CPI or 5% pa if less	2.40	2.60
Allowance for pension in payment increases of CPI or 3% pa if less	2.40	2.60
Allowance for pension in payment increases of CPI or 2.5% pa if less	2.40	2.50
Allowance for commutation of pension for cash at retirement	100% of Post A Day	No Allowance

The mortality assumptions adopted at 30 April 2014 imply the following life expectancies

	Life Expectancy at Age 65 (Years)
Male retiring in 2014	22.0
Female retiring in 2014	24.2
Male retiring in 2034	23.3
Female retiring in 2034	25.7

Expected long term rates of return

The long term expected return on bonds and cash is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long term expected rate of return on equities and property is based on the rate of return on bonds with an allowance for out-performance.

The expected long term rates of return applicable for this period is as follows :-

	Period commencing 1 May 2013 % per annum
Equity	5.70
Corporate Bonds	1.80
Gifts	1.70
Property	4.60
Cash	1.70
Overall for scheme	5.30

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

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

Total expense recognised in profit and loss account

	2014 £000s	2013 £000s
Interest cost	281	267
Expected return on scheme assets *	(281)	(276)
Total expense recognised in profit and loss account	-	(9)

* If there had been no limit on the expected return on the scheme assets due to some of the surplus not being recoverable, the expected return on the scheme assets would have been £328,000, i.e. £47,000 of expected returns are not disclosed in the P&L due to the limit of paragraph 41 of FRS 17.

Statement of total recognised gains and losses

	2014 £000s	2013 £000s
Actual return less expected and on scheme assets – (loss)/gain	(124)	489
Experience gains and losses arising on the scheme liabilities – gain/(loss)	657	(41)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities – gain/(loss)	6	(1,490)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	539	(1,042)
Effect of limit on account of surplus recognised due to some of the surplus not being recognisable – (loss)/gain	(79)	183
Total amount recognised in statement of total recognised gains and losses – gain/(loss)	460	(859)

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

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

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2014 £000s	2013 £000s
Scheme liabilities at start of period	6,930	5,132
Interest cost	281	267
Actuarial (gains)/losses	(663)	1,531
Benefits paid	(162)	-
Scheme liabilities at end of period	6,386	6,930

Reconciliation of opening and closing balances of the fair value of scheme assets

	2014 £000s	2013 £000s
Fair value of scheme assets at start of period	6,080	5,315
Expected return on scheme assets	281	276
Actuarial (losses)/gains	(124)	489
Contribution by the company	390	-
Benefits paid	(162)	-
Fair value of scheme assets at end of period	6,465	6,080

The actual return on the scheme assets over the period ended 30 April 2014 was £157,000 (2013 - £765,000).

Present values of scheme liabilities, fair value of assets and surplus/(deficit)

	2014 £000s	2013 £000s
Fair value of scheme assets	6,465	6,080
Present value of scheme liabilities	(6,386)	(6,930)
Surplus/(deficit) in scheme	79	(850)
Unrecognised surplus	(79)	-
Deferred tax	-	195
Net asset/(liability) to be recognised	-	(655)

At 30 April 2014 the cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £(1,669,000) (2013 - £(2,129,000)).

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

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

Major categories of plan assets

	2014 £000s	2013 £000s
Equity	6,012	5,180
Corporate Bonds	65	80
Gifts	388	329
Property	-	451
Cash	-	40
Total assets	<u>6,465</u>	<u>6,080</u>

None of the fair values of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by the company.

Amounts for the current and previous four years

	2014 £000s	2013 £000s	2012 £000s	2011 £000s	2010 £000s
Fair value of scheme assets	6,465	6,080	5,315	5,182	4,847
Present value of scheme liabilities	(6,386)	(6,930)	(5,132)	(5,014)	(4,558)
Surplus/(deficit) in scheme	<u>79</u>	<u>(850)</u>	<u>183</u>	<u>168</u>	<u>289</u>
Experience adjustment on scheme assets	<u>(124)</u>	<u>489</u>	<u>(686)</u>	<u>260</u>	<u>975</u>
Experience adjustment on scheme liabilities	<u>657</u>	<u>(41)</u>	<u>(215)</u>	<u>(131)</u>	<u>286</u>

The best estimate of contributions to be paid by the company to the scheme for the period commencing 1 May 2014 is £350,000.

Hobs Reprographics plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2014

18 COMMITMENTS UNDER OPERATING LEASES

At 30 April 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2014	2013
	£	£
Operating leases which expire:		
Within 1 year	136,850	-
Within 2 to 5 years	291,799	291,705
After more than 5 years	526,763	465,459
	<u>955,412</u>	<u>757,164</u>

19 RELATED PARTY TRANSACTIONS

The Hobs (Drawing Office Services) Limited/Hobs Reprographics plc Pension Scheme

The above is the company pension scheme. During the year the property at St Andrew's Building, 18A Slater Street, Liverpool L1 4BS owned by The Hobs (Drawing Office Services) Limited/Hobs Reprographics plc Pension Scheme was sold to the company for a consideration of £260,000. During the year Hobs Reprographics plc paid invoices on behalf of the pension scheme amounting to £121,550 (2013 - £Nil) and at the year end £121,550 was due to the company and is included in other debtors.

J B Hackett

J B Hackett is a director of the company. During the year the company was charged consultancy fees of £42,905 (2013 - £126,062) and at the year end £42,905 (2013 - £50,000) was due by the company and is included in accruals and deferred income.

K J O'Brien

K J O'Brien is a director of the company. During the year the company paid an invoice on behalf of K J O'Brien amounting to £22,498 (2013 - £Nil) and at the year end £22,498 was due to the company and is included in other debtors. The maximum balance outstanding during the year was £22,498. The loan is interest free and was repaid in full in May 2014.

JD Hackett & Co Ltd. ("Hackett's")

Joe Hackett is a director of a number of Hobs businesses and a director and shareholder of Hackett's in Ireland. Hackett's offer reprographic services to businesses in Ireland, some of whom carry out business in the UK. On occasions it is more efficient for Hacketts to procure service from Hobs rather than ship the products from Ireland. We also have specialist services which they cannot provide. Any work we do for them is at arm's length and other than the shared directorship are on normal commercial terms.. During the year there were sales of £191,231 (2013 - £67,163) to Hackett's. These were for reprographic and machine sales on a commercial arm's length basis. At the year end £25,224 (2013 - £21,788) was due to Hobs Reprographics plc and is included in trade debtors.

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.

20 SHARE CAPITAL

	2014	2013
	£	£
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 2014

21 PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
At the beginning of the year	7,517,924	7,975,329
Profit for the financial year	136,849	206,095
Defined benefit pension scheme	460,000	(859,000)
Deferred tax on actuarial gains and losses	(195,500)	195,500
At the end of the year	<u>7,919,273</u>	<u>7,517,924</u>

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2014	2013
	£	£
Profit for the financial year	136,849	206,095
Actuarial loss in respect of defined benefit pension scheme	460,000	(859,000)
Deferred tax on actuarial gains and losses	(195,500)	195,500
Net addition to/(reduction in) shareholder's funds	401,349	(457,405)
Opening shareholder's funds	7,567,924	8,025,329
Closing shareholder's funds	<u>7,969,273</u>	<u>7,567,924</u>

23 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

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

Unit 305 Vanilla Factory
39 Fleet Street
Liverpool
L1 4AR

The ultimate controlling party is Mr K J O'Brien. Mr K J O'Brien is the Chairman and CEO and majority shareholder of the ultimate parent company.