

Company Registration No. 00511368 (England and Wales)

HOBS REPROGRAPHICS PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2019



HOBS REPROGRAPHICS PLC

COMPANY INFORMATION

Directors	J Duckenfield D Gordon C Horwood S P Hill B Flook
Secretary	S P Hill
Company number	00511368
Registered office	14 Castle Street Liverpool L2 0NE England
Auditor	RSM UK Audit LLP Chartered Accountants 14th Floor 20 Chapel Street Liverpool L3 9AG
Bankers	HSBC plc City Branch 4 Dale Street Liverpool L69 2BZ
Solicitors	DWF LLP 5 St Paul's Square Old Hall Street Liverpool L3 9AE

HOBS REPROGRAPHICS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2019

The directors present the strategic report for the year ended 30 April 2019.

Company overview

Hobs Reprographics Plc ('Hobs') provides a fully integrated print and document management service to support customers in designing, producing, sharing, storing and retrieving their documents and data, offering a 24/7 service from a national network of 25 business centres.

Hobs has been a leading name in its sector for the last 50 years and over time has developed deep and loyal relationships with its customers. From supporting some of the UK's largest companies in the full range of document management services, Hobs has become an invaluable and seamless extension of its clients' businesses.

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

Our history

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

Chief Executive's statement and business review

On 31 August 2018 Hobs acquired some of the trade and assets of Call Print Limited in a pre-pack administration. The Company saw turnover increase to £20.7m following this acquisition but incurred a loss of £0.4m pre-exceptionals due to business integration costs in respect of Call Print, and a number of branch move costs. These costs are not expected to recur, and the Company is expected to return to profit in 2020. Excluding these one-off costs the adjusted EBITDA for the year is £1.1m. Average spend per customer also increased by £100.

The Call Print acquisition represented a net £0.9 investment in a new customer base and equipment. In addition to this Hobs invested £1.06m in new equipment across its estate.

The company's cash reserves at 30 April 2019 were much diminished compared to the prior year due to the acquisition of Call Print mentioned above. However this was planned strategic expenditure which still leaves cash balances comfortably within the company's borrowing limits. Debtors and creditors due within one year both increased significantly due to trade receivables/payables increasing with the larger business and from other inter company movements, but resulting in an overall insignificant net effect.

The directors measure performance against detailed annual budgets and forecasts on a monthly basis. In addition the company produces a 3 year business plan.

The Company faced a difficult trading environment in the latter part of year, coinciding with Brexit voting and uncertainty, which impacted the results. It also integrated the Call Print business incurring certain one-off costs. However the directors are confident that the Company is now structured to drive out the benefit of this acquisition in the coming year, although the general economic outlook remains uncertain.

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

The directors would like to go on record to express their thanks to all staff within the Company for their continued support during the year.

HOBS REPROGRAPHICS PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

Quality management and health & safety

ISO 9001

Whereas parts of the business already had ISO 9001 this year saw the rollout of this quality standard across the company.

ISO 27001

This information security standard has been maintained across the company. We have strengthened our position on information security by adding Cyber Essentials accreditation across the company.

Health & Safety

The company executed a systematic programme of health and safety improvements and training within the year and performed an internal audit of the businesses, in conjunction with RSM, which included this important area. There were no reportable health and safety incidents during the year.

Corporate social responsibility

Environment

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

We are committed to reducing our impact on the environment. That's why it is our policy to establish, implement and maintain an effective, documented environmental system based on the requirements of BS EN ISO 14001.

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

Last year saw us replace some of our key printing press equipment with the latest Iridesse printing technology that, when compared with the technology it replaced, consumes a quarter of the power, generates a tenth of the waste and creates print that is fully recyclable.

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

Charities

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

HOBS REPROGRAPHICS PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

Monitoring and managing risk

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

- The impact of the wider economy and specifically the AEC sector. In the short term the economy could be impacted by the Brexit process as this unfolds. The directors are trying to mitigate this risk by reducing the business's reliance on this market.
- Price risk has now increased as suppliers start to pass on price increases in imported raw materials caused by the current weakness in sterling. The stability of sterling against major foreign currencies will be key to preventing any further price increases, although import tariffs may then start to take effect later on once Brexit negotiations are concluded.
- Technology – The emergence of 3D Printing and associated services are having a significant impact on the AEC sector's pre-construction processes. Consequently, Hobs has invested large sums in this new technology to secure its market share in the sector, and also to take advantage of new sectors opening up in the 3D field. The directors intend to ensure that Hobs remains at the forefront of this market by continuing its investment in new technology.
- Competition – Hobs is now the largest national supplier of printing and reprographics services. However, the directors are aware of market competition at both national and local level, and constantly strive to capture new business as well as retain existing customers by close scrutiny of management information data and the setting of targeted sales incentives.
- Cyber and Internet Security – As businesses become more reliant on technology the risks increase. This year saw us invest in various steps to make our business more resilient.
- GDPR – the regulation effective in May 2018 further crystallise the risk in information security. To this end we have appointed a data protection officer, embarked on education for our workforce around GDPR and information management. We have also implemented ISO 27001 within the business to improve general standards.

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

On behalf of the board



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J Duckenfield

Chief Executive Officer

Date: 24/10/19

HOBS REPROGRAPHICS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2019

The directors present their annual report and financial statements for the year ended 30 April 2019.

Principal activities

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

Directors

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

J Duckenfield

D Gordon

C Horwood

S P Hill

B Flook

(Appointed 1 October 2018)

Results and dividends

The results for the year are set out on page 11.

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

Financial controls

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

Qualifying third party indemnity provisions

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

Disabled persons

The Company is committed to fulfilling its obligations in accordance with the Disability Discrimination Act 1995 and best practice, giving 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.

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

Future developments

With growth forecast to return 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 directors also undertook a targeted review of headcount within the Company to ensure trading performance and profitability is maximised over the year to April 2020.

HOBS REPROGRAPHICS PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

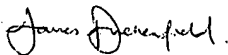
Auditor

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

Statement of disclosure to auditor

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

On behalf of the board



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J Duckenfield

Chief Executive Officer

Date: 24/10/19.....

HOBS REPROGRAPHICS PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 APRIL 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Opinion

We have audited the financial statements of Hobs Reprographics plc (the 'company') for the year ended 30 April 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOBS REPROGRAPHICS PLC (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

RSM UK AUDIT LLP

Jacqui Baker (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

14th Floor

20 Chapel Street

Liverpool

L3 9AG

24/10/19

HOBS REPROGRAPHICS PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2019

	Notes	2019 £	2018 £
Turnover	3	20,694,266	18,070,285
Cost of sales		(4,896,771)	(4,109,660)
Gross profit		15,797,495	13,960,625
Administrative expenses		(16,497,496)	(14,690,831)
Other operating income		325,562	450,000
Exceptional items	4	(43,292)	4,427,865
Operating (loss)/profit	7	(417,731)	4,147,659
Interest receivable and similar income	9	52,122	1,171
Interest payable and similar expenses	10	(2,485)	(1,414)
(Loss)/profit before taxation		(368,094)	4,147,416
Tax on (loss)/profit	11	66,950	(82,466)
(Loss)/profit for the financial year		(301,144)	4,064,950

HOBS REPROGRAPHICS PLC**STATEMENT OF FINANCIAL POSITION****AS AT 30 APRIL 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	12	445,408		160,672	
Negative goodwill	12	(70,191)		(181,284)	
Net goodwill		375,217		(20,612)	
Other intangible assets	12	598,562		1,024,589	
Total intangible assets		973,779		1,003,977	
Tangible assets	13	2,020,737		1,629,755	
Investments	14	1		1	
		2,994,517		2,633,733	
Current assets					
Stocks	17	388,799		388,081	
Debtors	18	17,240,823		10,591,188	
Cash at bank and in hand		10,003		652,288	
		17,639,625		11,631,557	
Creditors: amounts falling due within one year	19	(11,740,090)		(5,052,913)	
Net current assets		5,899,535		6,578,644	
Total assets less current liabilities		8,894,052		9,212,377	
Creditors: amounts falling due after more than one year	20	(18,386)		(29,757)	
Provisions for liabilities	23	(444,190)		(450,000)	
Net assets		8,431,476		8,732,620	
Capital and reserves					
Called up share capital	26	50,000		50,000	
Profit and loss reserves	27	8,381,476		8,682,620	
Total equity		8,431,476		8,732,620	

The financial statements were approved by the board of directors and authorised for issue on 24/10/19 and are signed on its behalf by:


 S P Hill
 Director

HOBS REPROGRAPHICS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2019

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2017	50,000	4,617,670	4,667,670
Year ended 30 April 2018:			
Profit and total comprehensive income for the year	-	4,064,950	4,064,950
Balance at 30 April 2018	50,000	8,682,620	8,732,620
Year ended 30 April 2019:			
Loss and total comprehensive income for the year	-	(301,144)	(301,144)
Balance at 30 April 2019	50,000	8,381,476	8,431,476

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies

Company information

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

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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

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

Reduced disclosure exemptions

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the company are consolidated in the financial statements of Hobs Group Limited. The consolidated financial statements of Hobs Group Limited are available from its registered office - see note 31.

Group accounts

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

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies (Continued)

Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Going concern

The directors regularly monitor the group's financial performance and position, with particular focus on cash flow and net debt. The company forms a major part of this process and, based on the business plan projections to 2020, the directors are confident that it will return to profitably in the future, especially with the addition of the Call Print business acquired in August 2018.

Therefore the directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

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

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

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

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

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

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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

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

Tangible fixed assets

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

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

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

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

Fixed asset investments

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

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies (Continued)

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

Impairment of fixed assets

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

Stocks

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

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

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

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

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

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

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies (Continued)

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Equity instruments

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

Taxation

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

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

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

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

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

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

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

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies (Continued)

Provisions

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

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

Employee benefits

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

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

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

Retirement benefits

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

Leases

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

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

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

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Categorisation of leases

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

Key sources of estimation uncertainty

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

Useful life of fixed assets

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

Valuation of intangible assets

The recoverable amount of goodwill and other intangible assets is based on value in use which requires estimates in respect of the allocation of goodwill to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth; a change in these assumptions could impact on the level of goodwill recognised. See note 12.

Provisions

Management must estimate at each reporting period date the impact of dilapidations resulting from the occupation of leased properties.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Supply of reprographic services	20,694,266	18,070,285

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

3 Turnover and other revenue (Continued)

	2019 £	2018 £
Other revenue		
Interest income	216	1,171
Dividends received	51,906	-
	<u> </u>	<u> </u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	20,670,134	17,981,869
Overseas	24,132	88,416
	<u> </u>	<u> </u>
	20,694,266	18,070,285
	<u> </u>	<u> </u>

4 Exceptional costs

	2019 £	2018 £
Intercompany debt waiver - credit	-	(4,427,865)
Branch move costs	94,016	-
Release of legacy debt provision	(50,724)	-
	<u> </u>	<u> </u>
	43,292	(4,427,865)
	<u> </u>	<u> </u>

Within operating profit there are exceptional costs totalling £94,016 and £50,724 of exceptional income (2018 - £4,427,865 income). The 2019 exceptional costs of £94,016 relate branch move costs. The income in 2019 relates to the release of legacy debt provision. The income in 2018 relates to an intercompany debt waiver as part of the sale of M2 Managed Document Services Ltd (formerly Hobs On-Site Limited).

5 Employees

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

	2019 Number	2018 Number
Management	7	7
Staff	290	252
	<u> </u>	<u> </u>
	297	259
	<u> </u>	<u> </u>

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

5 Employees (Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	9,137,167	8,275,863
Social security costs	955,111	849,829
Pension costs	228,916	165,440
	<u>10,321,194</u>	<u>9,291,132</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	690,838	637,165
Company pension contributions to defined contribution schemes	41,142	42,210
	<u>731,980</u>	<u>679,375</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2018 - 5).

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

	2019 £	2018 £
Remuneration for qualifying services	213,730	219,468
Company pension contributions to defined contribution schemes	15,000	15,000
	<u>228,730</u>	<u>234,468</u>

7 Operating (loss)/profit

	2019 £	2018 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	944	17
Depreciation of owned tangible fixed assets	737,464	722,828
Depreciation of tangible fixed assets held under finance leases	41,323	3,833
Profit on disposal of tangible fixed assets	(61,103)	(266,051)
Amortisation of intangible assets	578,296	558,601
Release of negative goodwill	(111,093)	(111,093)
Cost of stocks recognised as an expense	4,896,771	4,109,660
Operating lease charges	1,251,046	1,014,934
	<u>7,233,608</u>	<u>5,938,200</u>

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

8 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	17,250	11,670

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 (Hobs Group Limited).

9 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Other interest income	216	1,171
Income from fixed asset investments		
Income from shares in group undertakings	51,906	-
Total income	52,122	1,171

10 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank overdrafts and loans	334	-
Interest on finance leases and hire purchase contracts	2,151	1,012
Other interest	-	402
	2,485	1,414

11 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	-	47,500
Adjustments in respect of prior periods	29,488	(708)
Total current tax	29,488	46,792

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

11 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	(54,821)	(53,924)
Adjustment in respect of prior periods	(41,617)	89,598
Total deferred tax	(96,438)	35,674
Total tax (credit)/charge	(66,950)	82,466

A reduction to the UK Corporation tax rate was substantively enacted on 6 September 2016, reducing the main rate to 17% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
(Loss)/profit before taxation	(368,094)	4,147,416
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(69,938)	788,009
Tax effect of expenses that are not deductible in determining taxable profit	13,134	91,845
Tax effect of income not taxable in determining taxable profit	(9,862)	(841,294)
Unutilised tax losses carried forward	(17,843)	-
Adjustments in respect of prior years	29,488	(708)
Group relief	-	(10,184)
Other non-reversing timing differences	(41,630)	(39,230)
Deferred tax adjustments in respect of prior years	(41,617)	89,598
Deferred taxation on business combinations	(35,100)	(35,100)
Adjust deferred tax to average rates	6,449	2,214
Fixed asset differences	98,935	18,644
Chargeable gain	1,034	18,672
Taxation (credit)/charge for the year	(66,950)	82,466

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

12 Intangible fixed assets

	Goodwill	Negative goodwill	Software	Customer relationships	Total
	£	£	£	£	£
Cost					
At 1 May 2018	704,417	(341,062)	1,161,950	619,416	2,144,721
Additions - separately acquired	-	-	7,329	-	7,329
Additions - business combinations	429,676	-	-	-	429,676
At 30 April 2019	1,134,093	(341,062)	1,169,279	619,416	2,581,726
Amortisation and impairment					
At 1 May 2018	543,745	(159,778)	464,275	292,502	1,140,744
Amortisation charged for the year	144,940	(111,093)	226,884	206,472	467,203
At 30 April 2019	688,685	(270,871)	691,159	498,974	1,607,947
Carrying amount					
At 30 April 2019	445,408	(70,191)	478,120	120,442	973,779
At 30 April 2018	160,672	(181,284)	697,675	326,914	1,003,977

Amortisation charged on intangible fixed assets is included within administrative expenses in the statement of comprehensive income.

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

13 Tangible fixed assets

	Freehold property	Long leasehold property	Short leasehold improvements	Plant & equipment	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 May 2018	-	247,728	999,619	7,217,644	311,729	652,281	9,429,001
Additions	350,000	-	107,071	899,694	8,183	189,517	1,554,465
Disposals	(350,000)	-	(23,170)	(187,760)	-	(106,568)	(667,498)
At 30 April 2019	-	247,728	1,083,520	7,929,578	319,912	735,230	10,315,968
Depreciation and impairment							
At 1 May 2018	-	54,500	826,854	6,182,513	259,163	476,216	7,799,246
Depreciation charged in the year	3,500	9,909	72,562	552,253	27,199	113,364	778,787
Eliminated in respect of disposals	(3,500)	-	(5,406)	(168,802)	-	(105,094)	(282,802)
At 30 April 2019	-	64,409	894,010	6,565,964	286,362	484,486	8,295,231
Carrying amount							
At 30 April 2019	-	183,319	189,510	1,363,614	33,550	250,744	2,020,737
At 30 April 2018	-	193,228	172,765	1,035,131	52,566	176,065	1,629,755

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

13 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2019 £	2018 £
Plant & equipment	283,789	42,167

14 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	15	1	1

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 May 2018 & 30 April 2019	1
Carrying amount	
At 30 April 2019	1
At 30 April 2018	1

15 Subsidiaries

Details of the company's subsidiaries at 30 April 2019 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct Indirect
Hobs Studio Limited	1	Non-trading	Ordinary shares	100

Registered Office address:

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

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

16 Acquisition of a business

On 31 August 2018, the subsidiary of the company, Hobs Studio Limited, acquired the trade and certain assets of a business in administration, Call Print Group, for consideration of £2,253,833. The trade and certain assets of Call Print Group were then hived up into Hobs Reprographic plc for consideration of £1,903,833.

	Fair Value £
Tangible assets	495,002
Stock	19,004
Trade and other receivables	960,151
Total identifiable net assets	1,474,157
Goodwill	429,676
Total consideration	1,903,833
Satisfied by:	£
Intercompany	1,903,833
Contribution by the acquired business for the reporting period since acquisition:	£
Turnover	3,488,600
Profit after tax	339,631

The trade and assets acquired during the year are included using the acquisition method. The results are incorporated from the date that control passes.

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the acquired trade in new markets and the future operating synergies from the combination.

The acquisition included 5 operating sites and should provide an additional £4.6m of turnover on an annualised basis.

17 Stocks

	2019 £	2018 £
Raw materials and consumables	388,799	388,081

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

18 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	4,825,609	2,959,322
Corporation tax recoverable	5,704	-
Amounts owed by group undertakings	11,081,668	6,593,095
Other debtors	103,905	185,523
Prepayments and accrued income	984,947	710,696
	<u>17,001,833</u>	<u>10,448,636</u>
Deferred tax asset (note 24)*	238,990	142,552
	<u>17,240,823</u>	<u>10,591,188</u>

19 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	21	188,488	-
Obligations under finance leases	22	124,585	10,686
Trade creditors		1,885,006	897,371
Amounts owed to group undertakings		7,074,097	2,266,468
Corporation tax		-	41,569
Other taxation and social security		517,521	454,843
Other creditors		580,990	403,009
Accruals and deferred income		1,369,403	978,967
		<u>11,740,090</u>	<u>5,052,913</u>

There is a legal charge dated 20 March 2015, in favour of HSBC Bank Plc secured by a legal assignment of contract monies.

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

There is a Composite Company Unlimited Multilateral Guarantee dated 17 December 2014 given by Hobs Reprographics plc, Anexsys Limited, Hobs Liver Limited and Hobs Group Limited. The balance at the period end was £Nil (2018 - £16,323).

20 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	22	<u>18,386</u>	<u>29,757</u>

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

21 Borrowings

	2019 £	2018 £
Bank overdrafts	188,488	-
Payable within one year	188,488	-

22 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Less than one year	126,052	12,838
Between one and five years	19,256	32,094
	145,308	44,932
Less: future finance charges	(2,337)	(4,489)
	142,971	40,443

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 1 year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Provisions for liabilities

	2019 £	2018 £
Dilapidations	444,190	450,000
Movements on provisions:		
		Dilapidations £
At 1 May 2018		450,000
Utilisation of provision		(5,810)
At 30 April 2019		444,190

The dilapidation provision represents the directors best estimate for the cost to return leased properties to their original state at the inception of each lease.

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

24 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £	Assets 2018 £
Balances:		
Depreciation in excess of capital allowances	178,649	193,161
Tax losses	67,508	-
Business combinations	(20,476)	(55,576)
Short-term timing differences	13,309	4,967
	<u>238,990</u>	<u>142,552</u>
		2019 £
Movements in the year:		
Liability/(Asset) at 1 May 2018		(142,552)
Credit to profit or loss		(96,438)
Liability/(Asset) at 30 April 2019		<u>(238,990)</u>

A deferred tax asset has been recognised in relation to the excess of depreciation over taxation allowances, as well as short-term timing differences and tax losses as the company is forecasting to make taxable profits in the next year and £82,020 is expected to reverse within 12 months.

A deferred tax liability has been recognised in relation to intangibles acquired as part of a business combination. This will be released in line with the amortisation period of the related intangibles with £20,476 expected to be released within 12 months.

25 Retirement benefit schemes

Defined contribution schemes

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

The charge to profit or loss in respect of defined contribution schemes was £228,916 (2018 - £165,440).

Included in other creditors at the year end was £77,111 (2018 - £29,217) in respect of defined contribution schemes.

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

26 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

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

27 Reserves

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

28 Operating lease commitments

Lessee

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

	2019 £	2018 £
Within one year	902,433	897,415
Between one and five years	2,419,420	2,184,178
In over five years	1,281,186	1,468,761
	<u>4,603,039</u>	<u>4,550,354</u>

HOBS REPROGRAPHICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

29 Related party transactions

Directors

During the prior year the directors were advanced £140,000 and amounts repaid in the prior year amounted to £140,000. The balance outstanding from the directors at the year end is £Nil (2018 - £Nil). No interest was charged on the amount advanced. There were no amounts advanced or prepaid in the year ended 30 April 2019.

During the year amounts due from directors of £Nil (2018 - £74,253) were written off.

30 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	16,237	10,000

31 Ultimate controlling party

The immediate parent company is Hobs Liver Limited, a company registered in England and Wales and the ultimate parent company is Hobs Group Limited, a company registered in England and Wales.

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

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

14 Castle Street
Liverpool
England
L2 0NE