

**HOBS REPROGRAPHICS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2022**

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## HOBS REPROGRAPHICS LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	S. D. Austin D. Gordon C. G. Horwood
<b>Registered number</b>	00511368
<b>Registered office</b>	Lower Ground Floor 3 Temple Lane Liverpool L2 5BA
<b>Independent auditors</b>	Langtons Professional Services Limited Chartered Accountants & Statutory Auditors The Plaza 100 Old Hall Street Liverpool L3 9QJ

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**HOBS REPROGRAPHICS LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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The directors present the strategic report for the period ended 31 October 2022.

**Company overview**

Hobs Reprographics Limited ('Hobs') provides a fully integrated print and document management service to support customers in designing, producing, sharing, storing and retrieving their documents and data.

Hobs has been a leading name in its sector for the last 53 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 53 years ago and initially focused on providing construction drawing printing services to companies in the Architecture, Engineering and Construction ('AEC') sector. Whilst the AEC sector remains Hobs' largest sector its current multi-layered, technology-driven service solution has evolved significantly from the company's original offering. The company was proud to be awarded a Royal Warrant in 2003.

**Business review**

With Covid lockdowns eventually finishing in early 2022, the company was able to significantly increase its revenues, resulting in a £2.2m (20.5%) year-on-year increase in group sales to £13.1m for the year. This was reflected in all operating regions of the business.

Although the accounts show a similar operating loss to 2021, once the additional £0.8m of government covid support that the company received in 2021 is removed, losses were reduced by c£0.7m year-on-year, on a like-for-like basis.

Working capital has been managed very tightly during the year and into 2023, resulting in a ratio of current assets to current liabilities for the group of 1.09 at October 2022, down from 1.47 at October 2021. The final covid-related debt was repaid to HMRC in October 2022. As at 31st October 2022 the company had cash reserves of £0.24m. The above are considered to be KPI's of the Group.

Having emerged successfully from the pandemic, there is still a requirement to closely manage cash and working capital while the business invests for a more profitable and stable future but, given the varied nature of industries we sell to, and with continued focus on credit risk and cost control, the Board is confident of the going concern status of the company, and therefore have prepared the financial statements on a going concern basis.

The directors monitor performance through the production of a 3-year business plan, supported by the production of detailed annual budgets and forecasts and the comparison of actual performance against these budgets.

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 sincere thanks to all staff within the company for their continued support through what has been a very difficult period over the last three years.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 OCTOBER 2022**

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**Quality management and health & safety**

**ISO 9001**

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

**Health & Safety**

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

**Corporate social responsibility**

**Environment**

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

We are committed to reducing our impact on the environment. The business is fully accredited under ISO14001, and this forms part of the Quality Management System mentioned above.

Through our network of suppliers, we continue to use FSC paper as standard, and for bespoke jobs wherever possible. We print onto various recycled papers and we use various inks including vegetable-based inks that have a low impact on the environment. We continually review our production processes to minimise levels of waste, reuse or recycle materials and product whenever possible, and only dispose of waste via licensed waste contractors.

During the year the company partnered with Print Releaf, whereby Hobs customers can offset their carbon footprint by measuring, offsetting, and verifying the successful reforestation of their paper consumption.

**Charities**

As a business, Hobs sponsors a number of charity fundraising events each year, either from individual branches or from Head Office. In May 2023 a team from Hobs completed the Three Peaks Challenge to climb Ben Nevis, Scafell Pike, and Snowdon in 24 hours, which raised in excess of £6,000 for Alzheimers UK.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 OCTOBER 2022**

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**Monitoring and managing risk**

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

- The impact of the wider economy and specifically the AEC sector. In the short-term the steep rise in interest rates poses a threat to the property market and therefore to the number of new housebuilding and infrastructure projects.
- Price risk is now a reality with inflation proving difficult to bring under control in the UK. The directors took the decision in April 2022 to implement a price increase to Hobs customers having absorbed all supplier price increases for the previous two years. A further price increase was implemented in April 2023.
- Technology – The emergence of 3D Printing and associated services are having a significant impact on the AEC sector's pre-construction processes. Consequently, Hobs Group 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 Group remains at the forefront of this market by continuing its investment in new technology.
- Competition – Hobs Group is now the largest independent national supplier of printing and reprographics services. However, the directors are aware of market competition at both national and local level, and constantly strive to capture new business as well as retain existing customers by close scrutiny of management information data and the setting of targeted sales incentives.
- Cyber and Internet Security – As businesses become more reliant on technology the risks increase. This year saw us invest in various steps to make our business more resilient.
- GDPR – the regulation effective in May 2018 further crystallises the risk in information security. The company obtained ISO27001 accreditation in 2021.

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.

This report was approved by the board on 27 October 2023 and signed on its behalf.

**C. G. Horwood**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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The directors present their report and the financial statements for the year ended 31 October 2022.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

**Principal activity**

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

**Results and dividends**

The loss for the year, after taxation, amounted to £1,818,127 (2021 - loss £2,851,505).

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

**Directors**

The directors who served during the year were:

S. D. Austin  
D. Gordon  
C. G. Horwood

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 OCTOBER 2022**

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**Future developments**

As mentioned in the Strategic Report above, the company is now experiencing a post-Covid recovery, although it is gradual one, and caution is still observed due to the head-winds of inflation and supply chain issues currently being experienced in the wider economy. The business forecasts have been prepared on this basis, and the directors continue to constantly monitor trading levels.

The company continues to work through to its plan of developing a model that provides new and developed sales channels of creative, print, managed services and consultancy. Further investment and time have gone into developing a nationwide offering in our Digital business where enhancement provides added value to the clients in bringing additional and chargeable special enhancements to their print or digital files. We also push on in our development of our hub-and-spoke model which now incorporates a Visual Communications element. This will provide the business with both increased productivity and capacity to challenge this growth sector in print.

Our commitment to the environment continues to be the focus of the leadership team that has deployed the already successful Print Releaf world reforestation scheme, which has seen Hobs be responsible for planting of 7,000 trees in our efforts to assist our clients in their carbon offset.

Further development will go into our online offerings bringing Web2Print functionality to the front end of our website, offering quick and real-time quoting and further choices to those who wish to procure on the web. The next year will also see Hobs grow its market share in managing digital post rooms alongside internal print rooms, providing market leading solutions that are scaleable to our clients in this area, and which has already provided value within our strategy.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Langtons Professional Services Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 October 2023 and signed on its behalf.

C. G. Horwood  
Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOBS REPROGRAPHICS LIMITED

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**Opinion**

We have audited the financial statements of Hobs Reprographics Limited (the 'Company') for the year ended 31 October 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2022 and of its loss 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.

**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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

**Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that, should the current difficult trading circumstances continue, there are scenarios where the current sales projections may not be achieved. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included a detailed review of current trading results and projections prepared by the directors.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOBS REPROGRAPHICS LIMITED (CONTINUED)**

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**Opinion 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.

**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 in relation to which 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 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOBS REPROGRAPHICS LIMITED (CONTINUED)

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**Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The objectives of our audit, in respect to fraud, are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulation (GDPR).
- We understood how the Company is complying with those frameworks by making enquiries of management. Through consideration of the results of our audit procedures we were able to either corroborate or provide contrary evidence which was then followed up.
- Based on our understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved:

enquiries of management; and

journal entry testing, with a focus on manual journals indicating large or unusual transactions based on our understanding of the business.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage revenue and earnings. Where the risk was considered to be higher, including areas impacting key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition detailed above, the assessment of items identified by management as non-recurring and testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOBS REPROGRAPHICS LIMITED (CONTINUED)

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

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew McCall (Senior statutory auditor)

for and on behalf of

**Langtons Professional Services Limited**

Chartered Accountants

Statutory Auditors

The Plaza

100 Old Hall Street

Liverpool

L3 9QJ

27 October 2023

HOBS REPROGRAPHICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2022

	Note	2022 £	2021 £
Turnover	4	13,112,420	10,884,118
Cost of sales		(3,449,871)	(2,579,189)
<b>Gross profit</b>		<b>9,662,549</b>	<b>8,304,929</b>
Administrative expenses		(10,264,255)	(9,565,419)
Other operating income	5	160,219	860,429
<b>Operating loss</b>	6	<b>(441,487)</b>	<b>(400,061)</b>
Income from shares in group undertakings		-	253,222
Amounts written off loans in group undertakings		(612,760)	(2,650,000)
Interest receivable and similar income	10	-	1,109
Interest payable and similar expenses	11	(96,110)	(55,775)
<b>Loss before tax</b>		<b>(1,150,357)</b>	<b>(2,851,505)</b>
Tax on loss	12	(667,770)	-
<b>Loss for the financial year</b>		<b>(1,818,127)</b>	<b>(2,851,505)</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 14 to 34 form part of these financial statements.

**HOBS REPROGRAPHICS LIMITED**  
**REGISTERED NUMBER: 00511368**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 OCTOBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	108,482	205,700
Tangible assets	14	1,040,078	1,252,559
Investments	15	1	1
		<u>1,148,561</u>	<u>1,458,260</u>
<b>Current assets</b>			
Stocks	16	269,058	270,542
Debtors: amounts falling due after more than one year	17	-	667,770
Debtors: amounts falling due within one year	17	3,290,884	3,265,688
Cash at bank and in hand	18	239,464	609,570
		<u>3,799,406</u>	<u>4,813,570</u>
Creditors: amounts falling due within one year	19	(3,498,669)	(3,275,103)
<b>Net current assets</b>		<u>300,737</u>	<u>1,538,467</u>
<b>Total assets less current liabilities</b>		<u>1,449,298</u>	<u>2,996,727</u>
Creditors: amounts falling due after more than one year	20	(232,123)	(255,422)
<b>Provisions for liabilities</b>			
Other provisions	24	(759,383)	(465,386)
		<u>(759,383)</u>	<u>(465,386)</u>
<b>Net assets</b>		<u><u>457,792</u></u>	<u><u>2,275,919</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	50,000	50,000
Profit and loss account	26	407,792	2,225,919
		<u><u>457,792</u></u>	<u><u>2,275,919</u></u>

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**HOBS REPROGRAPHICS LIMITED**  
**REGISTERED NUMBER: 00511368**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 OCTOBER 2022**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 October 2023.

**S. D. Austin**  
Director

The notes on pages 14 to 34 form part of these financial statements.

HOBS REPROGRAPHICS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2022

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 November 2020</b>	<b>50,000</b>	<b>5,077,424</b>	<b>5,127,424</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(2,851,505)	(2,851,505)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(2,851,505)</b>	<b>(2,851,505)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 1 November 2021</b>	<b>50,000</b>	<b>2,225,919</b>	<b>2,275,919</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1,818,127)	(1,818,127)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,818,127)</b>	<b>(1,818,127)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 October 2022</b>	<b>50,000</b>	<b>407,792</b>	<b>457,792</b>

The notes on pages 14 to 34 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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**1. General information**

Hobs Reprographics Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lower Ground Floor, 3 Temple Lane, Liverpool, L2 5BA.

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

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Going concern**

The financial statements have been prepared on the going-concern basis which assumes that the company will be able to continue to trade for at least 12 months from the date these accounts are signed. In assessing the future viability of the business, the directors have reviewed the forecasts for the period up to October 2025.

Following the covid pandemic and its associated lockdowns the company has significantly grown its turnover in 2022, and the directors continue to reduce costs wherever possible, particularly in the company's lease estate when the opportunity arises.

The company's plans for the next 3 years will help further grow revenue without requiring a commensurate increase in costs, which it is anticipated will move the company back into a profit-making position.

The Group projections incorporate significant cost saving measures which are currently being implemented and include potential payments to be made under an onerous lease contract as noted in note 24. The projections provide for sufficient liquidity for the Group to continue as a going concern, and the directors have already started to execute plans to increase revenue in several areas of the business which should provide a significant proportion of the additional revenue forecast in the forthcoming 12-18 months. However the directors recognise that, should the current difficult trading circumstances continue, particularly in London, there are scenarios where the current sales projections may not be achieved. Under these circumstances there would be a material uncertainty as to the ability of the business to continue to operate as a going concern.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.4 Turnover**

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

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

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

**2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 November 2020 to continue to be charged over the period to the first market rent review rather than the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

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**2. Accounting policies (continued)**

**2.6 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.7 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

**2.8 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.10 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

**2.11 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

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**2. Accounting policies (continued)**

**2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.13 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	3 to 5 years
Customer relationships	-	3 years
Software	-	3 to 5 years

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

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**2. Accounting policies (continued)**

**2.14 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	4%	straight line
Short-term leasehold improvements	-	20%	straight line
Plant and machinery	-	25%	straight line
Motor vehicles	-	25%	straight line
Fixtures and fittings	-	25%	straight line
IT equipment	-	33%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.15 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.16 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.17 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

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**2. Accounting policies (continued)**

**2.18 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.19 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.21 Onerous leases**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

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**2. Accounting policies (continued)**

**2.22 Financial instruments**

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Statement of financial position 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 receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

**Other financial assets**

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

**Financial liabilities**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

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**2. Accounting policies (continued)**

**2.22 Financial instruments (continued)**

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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

**Other financial instruments**

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

**Derecognition of financial instruments**

**Derecognition of financial assets**

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

**Derecognition of financial liabilities**

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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**3. Judgments in applying accounting policies 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 the estimate would result in a change in the depreciation charged to profit or loss 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.

**Provisions**

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

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**HOBBS REPROGRAPHICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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**4. Turnover**

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	13,008,628	10,778,107
Rest of Europe	103,792	106,011
	<u>13,112,420</u>	<u>10,884,118</u>

**5. Other operating income**

	2022 £	2021 £
Other operating income	22,098	-
Government grants receivable	-	751,803
Management fees receivable	138,121	108,626
	<u>160,219</u>	<u>860,429</u>

**6. Operating loss**

The operating loss is stated after charging:

	2022 £	2021 £
Exchange differences	6,501	498
Other operating lease rentals	1,230,828	984,773
Provision for onerous lease contract	<u>373,341</u>	<u>-</u>

The onerous lease provision is subject to a dispute with the landlord. The amount represents the full cost of rent, service charges and utilities, however the directors believe there is a substantial counter claim to be made and therefore intend to vigorously defend the company against any action.

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## HOBS REPROGRAPHICS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

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#### 7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	14,175	13,500

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

#### 8. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	5,209,050	5,253,439
Social security costs	496,611	539,086
Cost of defined contribution scheme	125,489	160,246
	<u>5,831,150</u>	<u>5,952,771</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Management	8	6
Staff	137	145
	<u>145</u>	<u>151</u>

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	354,845	348,987
Company contributions to defined contribution pension schemes	28,328	29,356
	<u>383,173</u>	<u>378,343</u>

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £140,666 (2021 - £138,865).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,372 (2021 - £12,005).

10. Interest receivable

	2022 £	2021 £
Other interest receivable	-	1,109
	<u>-</u>	<u>1,109</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Finance leases and hire purchase contracts	20,684	9,025
Other interest payable	75,426	46,750
	<u>96,110</u>	<u>55,775</u>

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

12. Taxation

	2022 £	2021 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	667,770	-
<b>Total deferred tax</b>	667,770	-
<b>Taxation on profit on ordinary activities</b>	667,770	-

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(1,150,358)	(2,851,505)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(218,568)	(541,786)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	121,706	509,968
Capital allowances for year in excess of depreciation	6,152	(3,209)
Other timing differences leading to an increase (decrease) in taxation	553	19
Dividends from UK companies	-	(48,112)
Remeasurement of deferred tax changes in tax rates	(21,732)	(217,519)
Deferred tax not recognised	769,665	300,639
Other differences leading to an increase (decrease) in the tax charge	9,994	-
<b>Total tax charge for the year</b>	667,770	-

**Factors that may affect future tax charges**

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

12. Taxation (continued)

Trade losses of £3,666,700 (2021 - £3,098,772) are carried forward and are available to reduce the tax liability arising from future trading profits.

13. Intangible assets

	Customer relation- ships £	Software £	Goodwill £	Negative goodwill £	Total £
<b>Cost</b>					
At 1 November 2021	619,416	1,225,505	1,134,093	(341,062)	2,637,952
Additions	-	35,305	-	-	35,305
Disposals	-	(2,435)	-	-	(2,435)
At 31 October 2022	619,416	1,258,375	1,134,093	(341,062)	2,670,822
<b>Amortisation</b>					
At 1 November 2021	619,416	1,177,352	976,546	(341,062)	2,432,252
Charge for the year on owned assets	-	46,587	85,936	-	132,523
On disposals	-	(2,435)	-	-	(2,435)
At 31 October 2022	619,416	1,221,504	1,062,482	(341,062)	2,562,340
<b>Net book value</b>					
At 31 October 2022	-	36,871	71,611	-	108,482
<b>At 31 October 2021</b>	-	48,153	157,547	-	205,700

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

14. Tangible fixed assets

	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>						
At 1 November 2021	247,728	1,211,298	6,954,180	111,299	287,530	8,812,035
Additions	-	84,135	284,040	-	1,008	369,183
Disposals	-	(4,631)	(627,931)	(29,375)	(6,798)	(668,735)
At 31 October 2022	247,728	1,290,802	6,610,289	81,924	281,740	8,512,483
<b>Depreciation</b>						
At 1 November 2021	89,181	991,519	6,121,511	105,532	251,733	7,559,476
Charge for the year on owned assets	9,909	85,888	304,292	5,060	12,990	418,139
Charge for the year on financed assets	-	-	126,009	-	-	126,009
Disposals	-	(3,762)	(591,682)	(29,375)	(6,400)	(631,219)
At 31 October 2022	99,090	1,073,645	5,960,130	81,217	258,323	7,472,405
<b>Net book value</b>						
At 31 October 2022	148,638	217,157	650,159	707	23,417	1,040,078
<b>At 31 October 2021</b>	158,546	219,779	832,669	5,768	35,797	1,252,559

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	411,099	389,106
	<u>411,099</u>	<u>389,106</u>

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**HOBS REPROGRAPHICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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**15. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 November 2021	1
	<hr/>
At 31 October 2022	<u>1</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Hobs Studio Limited	Ordinary	100 %

**16. Stocks**

	<b>2022 £</b>	<b>2021 £</b>
Raw materials and consumables	<b>269,058</b>	270,542
	<hr/>	<hr/>
	<u><b>269,058</b></u>	<u>270,542</u>



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**HOBS REPROGRAPHICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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**17. Debtors**

	2022 £	2021 £
<b>Due after more than one year</b>		
Deferred tax asset	-	667,770
	<u>-</u>	<u>667,770</u>
	<u>-</u>	<u>667,770</u>
	2022 £	2021 £
<b>Due within one year</b>		
Trade debtors	1,798,721	1,641,097
Amounts owed by group undertakings	840,871	906,171
Other debtors	122,254	224,409
Prepayments and accrued income	529,038	494,011
	<u>3,290,884</u>	<u>3,265,688</u>
	<u>3,290,884</u>	<u>3,265,688</u>

**18. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	239,464	609,570
	<u>239,464</u>	<u>609,570</u>
	<u>239,464</u>	<u>609,570</u>

**HOBBS REPROGRAPHICS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022**

**19. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Bank loans	721,776	521,498
Trade creditors	1,101,833	761,955
Other taxation and social security	598,524	1,095,317
Obligations under finance lease and hire purchase contracts	153,545	111,242
Other creditors	25,500	26,040
Accruals and deferred income	897,491	759,051
	<u>3,498,669</u>	<u>3,275,103</u>

Bank loans are secured on the book debts of the company.

Obligations under finance lease and hire purchase contracts are secured on the assets concerned.

**20. Creditors: Amounts falling due after more than one year**

	2022 £	2021 £
Net obligations under finance leases and hire purchase contracts	232,123	255,422
	<u>232,123</u>	<u>255,422</u>

Obligations under finance lease and hire purchase contracts are secured on the assets concerned.

**21. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	175,194	126,621
Between 1-5 years	244,656	270,152
	<u>419,850</u>	<u>396,773</u>

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**HOBS REPROGRAPHICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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**22. Financial instruments**

	2022 £	2021 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>239,464</u>	<u>609,570</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

**23. Deferred taxation**

	2022 £
At beginning of year	667,770
Charged to profit or loss	(667,770)
<b>At end of year</b>	<u>-</u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	-	128,694
Tax losses carried forward	-	536,133
Short term timing differences	-	2,943
	<u>-</u>	<u>667,770</u>

A deferred tax asset amounting to £1,008,225 (2021 - £238,560), mainly in relation to tax losses carried forward, has not been provided for.

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**HOBS REPROGRAPHICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022**

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**24. Provisions**

	Dilapidat- ions £	Onerous lease £	Total £
At 1 November 2021	465,386	-	465,386
Additional provisions in the year	69,209	373,341	442,550
Utilised in year	(148,553)	-	(148,553)
<b>At 31 October 2022</b>	<b><u>386,042</u></b>	<b><u>373,341</u></b>	<b><u>759,383</u></b>

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

The onerous lease provision is subject to a dispute with the landlord. The amount represents the full cost of rent, service charges and utilities, however the directors believe there is a substantial counter claim to be made and therefore intend to vigorously defend the company against any action.

**25. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
50,000 (2021 - 50,000) Ordinary shares of £1.00 each	<b><u>50,000</u></b>	<b><u>50,000</u></b>

**26. Reserves**

**Profit and loss account**

Includes all current and prior period retained profits and losses.

**27. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund. Contributions totalling £24,097 (2021 - £25,566) were payable to the fund at the reporting date and are included in creditors.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022

**28. Commitments under operating leases**

At 31 October 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	1,093,175	1,079,489
Later than 1 year and not later than 5 years	2,813,545	2,631,657
Later than 5 years	98,846	393,972
	<u>4,005,566</u>	<u>4,105,118</u>

The above commitments do not include potential future minimum lease payments in respect of an onerous lease as described in note 24. The potential commitment would be £113,333 not later than 1 year and £162,917 later than 1 year and not later than 5 years.

**29. Other financial commitments**

The Company is party to a cross guarantee relating to amounts owed to HSBC UK Bank PLC. The amount outstanding at the year end was £690,835 (2021 - £520,444).

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

**30. Related party transactions**

The company has taken advantage of the exemption under paragraph 33.1A of FRS 102 and has not disclosed transactions with other wholly owned group companies.

**31. Controlling party**

The immediate and 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 Limited are prepared. The consolidated accounts of Hobs Group Limited are available to the public from its registered office:

Lower Ground Floor

3 Temple Lane

Liverpool

L2 5BA



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