

Company Registration No. 00422132 (England and Wales)

**HOBBS THE PRINTERS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**



# HOBBS THE PRINTERS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D A Hobbs P M Hobbs C D Hobbs G N Bromley
<b>Secretary</b>	D A Hobbs
<b>Company number</b>	00422132
<b>Registered office</b>	Brunel Road Totton Hampshire SO40 3YS
<b>Auditor</b>	Azets Audit Services Secure House Lulworth Close Chandlers Ford Southampton Hampshire SO53 3TL

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# HOBBS THE PRINTERS LIMITED

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# HOBBS THE PRINTERS LIMITED

## STRATEGIC REPORT

*FOR THE YEAR ENDED 31 JULY 2020*

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The directors present their strategic report for the year ended 31 July 2020.

### **Principal activity**

The company's principal activity is printing. There has not been any change in this in the year under review and the directors are not aware, at the date of this report, of any likely major change in the company's activity in the current year.

### **Overall Strategy**

The company's overall strategy is to maintain and grow a high quality printing business delivering high value to its customers, employees and shareholders. This is achieved by:

- Delivering professional services to our customers;
- Combining tradition and technology in order to achieve excellence;
- Establishing close working relationships with both customers and suppliers to ensure that we are fully aware of the individual requirements of all; and
- Recruiting and training appropriate staff at all levels to enable them to fulfil their potential to the maximum and thus provide both job satisfaction and fair financial reward.

### **Fair review of the business**

Sales for the year decreased by £1,387,000 (11.2%) to £11,048,000. £1,017,000 of this related to the four months from April to July 2020 and reflects the impact of the coronavirus pandemic. However although the reduction in turnover was accompanied by a decrease of £878,000 in cost of sales for the year, margins remain under severe pressure and gross profit was reduced by £510,000 to £1,596,000 (£2,106,000 in 2018/19). Overheads including redundancy costs of £163,000 totalled £1,408,000 and profit after tax was reduced to £156,000 (£278,000 in 2018/19).

The company invested a further £299,000 in new plant during the year, bringing the cost of the company's investment in capital equipment to £9,745,000. The directors believe that ultimately the company's policy of continued investment in new technology is essential for continuing success in the industry, but given the current economic uncertainties brought about by the pandemic's effect on the global economy, the original capital expenditure programme for the 2019/20 year was necessarily significantly amended.

There were no significant events after the balance sheet date other than those such as redundancy costs already reflected in the financial statements.

# HOBBS THE PRINTERS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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### Principal risks

**Impact of Coronavirus pandemic:** Effect on the global economy leading to significant economic uncertainties; loss of revenues due to business scale backs and closures; operating difficulties due to enforced changes to working practices.

The company closely monitors revenue streams and affected supply chains, with increased marketing and sales activities focussed on areas least affected, and endeavours to maximise operating efficiencies by maintaining a judicious mix of on site working where possible and working from home where appropriate.

**Market:** Competition from key competitors and pressure on margins.

The company endeavours to ameliorate this risk by continuing to explore alternative markets, adding value to its services, providing fast response times not only in supplying products but in handling all customer queries, and maintaining strong relationships with its customers.

**IT Systems:** Sufficiently rapid access to and accuracy of data; cyber security.

The company continues to attach great importance to its IT systems and their regular upgrading with direct participation at board level.

**Reputation:** Quality of products and services; information security.

The company places great emphasis on security awareness, particularly at mid and high management levels.

**Credit and cash flow:** Any concentration of credit with individual customers and relaxation of good credit management.

The company ensures that appropriate due diligence is carried out on new customers and maintains a strong emphasis on the management of good credit control overall.

**Interest rates:** Exposure to cash flow interest rate risk.

The company traditionally has ensured that it has no requirement for any significant borrowings and thus has no significant exposure to interest rate risk.

**Liquidity:** Exposure to inadequate cash flows.

The combined availability of bank balances and continued strong positive cash flows prevents any significant exposure to liquidity risk.

### Monitoring performance

The company monitors its performance using the following key performance indicators:

	2020	2019
Turnover	£11,048,000	£12,435,000
Gross Profit Margin	14.45%	16.94%
Profit before tax	£195,000	£322,000
Liquidity: current assets to current liabilities	5.82 times	4.26 times
Return on capital employed	2.54%	4.01%

# HOBBS THE PRINTERS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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### Other information and explanations

#### Employee involvement

Details of the number of employees and related costs are shown in note 5 to the financial statements.

#### Environmental matters

Hobbs The Printers Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities. The company has accreditation under the Forestry Stewardship Council's Chain of Custody Standard and the Environmental Standard ISO 14001.

Approved by the Board and signed on its behalf by:



.....  
D A Hobbs  
Director

Date: ..... 6 FEBRUARY 2021 .....

# HOBBS THE PRINTERS LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2020

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The directors present their annual report and financial statements for the year ended 31 July 2020.

### Directors

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

D A Hobbs  
P M Hobbs  
C D Hobbs  
G N Bromley

### Strategic report

In accordance with the Companies Act the Strategic Report on pages 1 and 2 provides a fair review of the company's business and description of the principal risks and uncertainties facing the company. It also contains information on the company's performance and strategy.

### Results and dividends

A summary of the company's results for the year are set out in the review of the business section of the Strategic Report. Profit after tax was £156,000 (2019 - £278,000). No dividend is recommended.

### Auditor

On 7 September 2020, Group Audit Services Limited trading as Wilkins Kennedy Audit Services changed its name to Azets Audit Services Limited. The name they practise under is Azets Audit Services and accordingly they have signed their report in their new name.

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at the forthcoming Annual General Meeting.

### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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;
- 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.

# HOBBS THE PRINTERS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### 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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Donations

During the year the company made charitable donations of £3,305 (2019 - £8,028). There were no political contributions.

Approved by the Board and signed on its behalf by:

  
.....  
D A Hobbs  
Director

  
.....  
C D Hobbs  
Director

Date: .....6 FEBRUARY 2021.....

# HOBBS THE PRINTERS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HOBBS THE PRINTERS LIMITED

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#### Opinion

We have audited the financial statements of Hobbs The Printers Limited (the 'company') for the year ended 31 July 2020 which comprise the statement of comprehensive income, the balance sheet, 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 31 July 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

# **HOBBS THE PRINTERS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF HOBBS THE PRINTERS LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our 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 our 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 and 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, 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.

# HOBBS THE PRINTERS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HOBBS THE PRINTERS LIMITED

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#### 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 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

Adam Wilson FCA (Senior Statutory Auditor)  
for and on behalf of Azets Audit Services  
Chartered Accountants  
Statutory Auditor

09/02/2021  
.....

Secure House  
Lulworth Close  
Chandlers Ford  
Southampton  
Hampshire  
SO53 3TL

# HOBBS THE PRINTERS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	2019 £
Turnover	3	11,048,016	12,435,107
Cost of sales		(9,451,653)	(10,329,216)
<b>Gross profit</b>		<b>1,596,363</b>	<b>2,105,891</b>
Distribution costs		(238,724)	(300,995)
Administrative expenses		(1,458,589)	(1,488,131)
Government grant income		289,430	-
<b>Operating profit</b>	4	<b>188,480</b>	<b>316,765</b>
Interest receivable and similar income	7	6,271	5,704
<b>Profit before taxation</b>		<b>194,751</b>	<b>322,469</b>
Tax on profit	8	(38,406)	(44,697)
<b>Profit for the financial year</b>		<b>156,345</b>	<b>277,772</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The company has no recognised gains or losses for the year other than the results above.

# HOBBS THE PRINTERS LIMITED

## BALANCE SHEET

AS AT 31 JULY 2020

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		3,187,682		3,655,877
<b>Current assets</b>					
Stocks	10	458,515		583,688	
Debtors	11	2,604,446		2,216,172	
Cash at bank and in hand		2,063,164		1,926,940	
		<u>5,126,125</u>		<u>4,726,800</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(881,079)</u>		<u>(1,108,294)</u>	
<b>Net current assets</b>			<u>4,245,046</u>		<u>3,618,506</u>
<b>Total assets less current liabilities</b>			<u>7,432,728</u>		<u>7,274,383</u>
<b>Provisions for liabilities</b>	13		<u>(262,000)</u>		<u>(260,000)</u>
<b>Net assets</b>			<u><u>7,170,728</u></u>		<u><u>7,014,383</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		40,000		40,000
Profit and loss reserves			<u>7,130,728</u>		<u>6,974,383</u>
<b>Total equity</b>			<u><u>7,170,728</u></u>		<u><u>7,014,383</u></u>

The financial statements were approved by the board of directors and authorised for issue on 6 FEBRUARY 2021 and are signed on its behalf by:

  
D A Hobbs  
Director

  
C D Hobbs  
Director

Company Registration No. 00422132

# HOBBS THE PRINTERS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2020

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	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2018	40,000	6,796,611	6,836,611
Year ended 31 July 2019:			
Profit and total comprehensive income for the year	-	277,772	277,772
Dividends	-	(100,000)	(100,000)
Balance at 31 July 2019	40,000	6,974,383	7,014,383
Year ended 31 July 2020:			
Profit and total comprehensive income for the year	-	156,345	156,345
Balance at 31 July 2020	40,000	7,130,728	7,170,728

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# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 1 Accounting policies

#### Company information

Hobbs The Printers Limited is a private company limited by shares and incorporated in England and Wales. The registered office is Brunel Road, Totton, Hampshire, SO40 3YS.

#### 1.1 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 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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of 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' and Section 12 'Other Financial Instrument Issues': 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 H C Holdings (Southampton) Limited. These consolidated financial statements are available from its registered office: c/o Azets, Lulworth Close, Chandlers Ford, Hampshire, SO53 3TL.

#### 1.2 Going concern

The pandemic outbreak of COVID-19 in 2020 has had a significant negative impact on both people and financial markets. The Board of Directors are carefully monitoring the situation and following the directives issued by government authorities in the UK. Given the high level of uncertainty however, it is not possible at present to estimate the overall potential impact on the company.

The directors confirm that the Financial Statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. In making the assessment, the directors have reviewed the balance sheet, the likely future cash flows of the business and have considered the facilities and cash that are in place at this point in time. In light of the situation arising in the UK and globally in respect of COVID-19 and the measures taken by the UK Government to contain the virus, the day to day operations of the business were disrupted. However, the business is continuing to operate managing a safe site where staff are unable to work from home. The full impact of COVID-19 on the business and general economy is difficult to quantify at this time, however the company has reviewed its cash flow requirements for the coming months and together with group support, the directors have a reasonable expectation that they can continue in business. Consequently, the directors feel it appropriate to prepare the Financial Statements on a going concern basis.

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover is recognised as the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The Company recognises revenue when goods are delivered and title has been transferred to the customer.

#### 1.4 Tangible fixed assets

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

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

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

Plant and machinery	3- 10 years straight line
Fixtures and fittings	7 years straight line
Motor vehicles	4 years straight line

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

#### 1.6 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.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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### 1 Accounting policies

(Continued)

#### 1.8 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 in the company's balance sheet 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 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 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. Financial assets classified as receivable within one year are not amortised.

#### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### *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.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### *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.

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

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

### 1.9 Equity Instruments

Equity instruments issued by the company are recorded at the 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.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 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.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions, it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### 2 Judgements and key sources of estimation uncertainty

#### Judgements

In preparing these financial statements, the directors have made the following judgements:

#### *Impairment of fixed assets*

Determine whether there are any indications of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

#### *Work in progress*

Determine the stage of completion of work in progress and assess the progress of each contract.

#### 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 within the next financial year are detailed below:

#### *Depreciation and residual values of fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and project disposal values.

#### *Allowances for doubtful debts*

The company maintains allowances for doubtful debts for estimated losses resulting from the subsequent inability of customers to make required payments. If the financial conditions of customers were to deteriorate, resulting in impairment of the ability to make payments, additional allowances may be required in future periods.

#### *Provisions for obsolete and slow moving stocks*

The company maintains allowances for stock which is not expected to be, or is deemed difficult, to be utilised.

### 3 Turnover and other revenue

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Sales of goods and services	11,048,016	12,435,107
	<u>11,048,016</u>	<u>12,435,107</u>

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

### 4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(7,517)	(35,672)
Government grants	(289,430)	-
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	7,000
Depreciation of owned tangible fixed assets	767,021	738,612
(Profit)/loss on disposal of tangible fixed assets	-	17,256
	<u>          </u>	<u>          </u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year, analysed by category, was as follows:

	2020	2019
	Number	Number
Production	132	134
Administration and support	21	23
Total	<u>153</u>	<u>157</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	3,958,472	4,000,843
Social security costs	338,979	384,739
Pension costs	225,711	216,226
	<u>4,523,162</u>	<u>4,601,808</u>

### 6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	134,117	176,224
Company pension contributions to defined contribution schemes	14,478	14,413
	<u>148,595</u>	<u>190,637</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes was 1 (2019 - 1).

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

<b>7</b>	<b>Interest receivable and similar income</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits	6,271	5,704
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Taxation</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	55,000	75,000
	Adjustments in respect of prior periods	(18,594)	(23,303)
		<u>          </u>	<u>          </u>
	Total current tax	36,406	51,697
		<u>          </u>	<u>          </u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(13,000)	(8,000)
	Adjustment in respect of prior periods	15,000	1,000
		<u>          </u>	<u>          </u>
	Total deferred tax	2,000	(7,000)
		<u>          </u>	<u>          </u>
	Total tax charge	38,406	44,697
		<u>          </u>	<u>          </u>

The charge for the year can be reconciled based on the profit or loss and the standard rate of tax as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit before taxation	194,751	322,469
	<u>          </u>	<u>          </u>
Tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	37,003	61,269
Tax effect of expenses that are not deductible in determining taxable profit	2,490	3,081
Adjustments in respect of prior years	(3,594)	(22,303)
Deferred tax expense/(credit)	(13,000)	(8,000)
Tax increase/(decrease) from effect of capital allowances and depreciation	15,507	10,650
	<u>          </u>	<u>          </u>
Taxation charge for the year	38,406	44,697
	<u>          </u>	<u>          </u>

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

### 9 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 August 2019	9,187,303	497,477	61,937	9,746,717
Additions	150,322	148,504	-	298,826
Disposals	(301,030)	-	-	(301,030)
<b>At 31 July 2020</b>	<b>9,036,595</b>	<b>645,981</b>	<b>61,937</b>	<b>9,744,513</b>
<b>Depreciation</b>				
At 1 August 2019	5,716,221	335,878	38,741	6,090,840
Depreciation charged in the year	703,191	59,159	4,671	767,021
Eliminated in respect of disposals	(301,030)	-	-	(301,030)
<b>At 31 July 2020</b>	<b>6,118,382</b>	<b>395,037</b>	<b>43,412</b>	<b>6,556,831</b>
<b>Carrying amount</b>				
At 31 July 2020	2,918,213	250,944	18,525	3,187,682
At 31 July 2019	3,471,082	161,599	23,196	3,655,877

### 10 Stocks

	2020 £	2019 £
Raw materials and consumables	231,612	256,915
Work in progress	226,903	326,773
	<b>458,515</b>	<b>583,688</b>

### 11 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	960,830	1,113,866
Corporation tax recoverable	-	9,083
Amounts owed by group undertakings	1,226,580	753,733
Other debtors	120,372	61,478
Prepayments and accrued income	296,664	278,012
	<b>2,604,446</b>	<b>2,216,172</b>

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

### 12 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	414,092	766,408
Corporation tax	55,000	75,000
Accruals and deferred income	411,987	266,886
	<u>881,079</u>	<u>1,108,294</u>

### 13 Provisions for liabilities

	Notes	2020	2019
		£	£
Deferred tax liabilities	14	<u>262,000</u>	<u>260,000</u>

### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities	Liabilities
	2020	2019
	£	£
Balances:		
Accelerated capital allowances	<u>262,000</u>	<u>260,000</u>

	2020
	£
Movements in the year:	
Liability at 1 August 2019	260,000
Charge to profit or loss	2,000
Liability at 31 July 2020	<u>262,000</u>

### 15 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>225,711</u>	<u>216,226</u>

The company operates a number of defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.

# HOBBS THE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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<b>16 Share capital</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Ordinary share capital Issued and fully paid 40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

**17 Financial commitments, guarantees and contingent liabilities**

H C Holdings (Southampton) Limited and Hobbs The Printers Limited have a group registration for Value Added Tax. The company therefore has a contingent liability in respect of amounts due to H M Revenue & Customs by its parent company.

**18 Capital commitments**

The total amount contracted for but not provided in the financial statements was £nil (2019 - £162,119).

**19 Ultimate controlling party**

The company's immediate and ultimate parent is H C Holdings (Southampton) Limited, incorporated in England and Wales. The parent company financial statements are available upon request from the company's registered office: c/o Azets, Lulworth Close, Chandlers Ford, Hampshire, SO53 3TL.

The ultimate controlling party is D A Hobbs.