

HOBS REPROGRAPHICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2023

HOBS REPROGRAPHICS LIMITED

COMPANY INFORMATION

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

HOBS REPROGRAPHICS LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2023**

The directors present the strategic report for the period ended 31 October 2023.

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 54 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 54 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

The company once again experienced a healthy growth in revenues, increasing by £0.74m (5.6%) in the year to £13.85m, with new opportunities being exploited in the FM space contributing £0.3m revenue in the year.

Operating profit for the year was £0.14m against an operating loss of £0.44m in 2022. However, a write-off of an inter-company loan of £0.25m in the year has meant that a net loss before tax has been incurred. In addition the operating loss includes £0.1m of one-off exceptional costs.

Working capital has been managed very tightly during the year and into 2024, resulting in a ratio of current assets to current liabilities for the company of 1.06 at October 2023, down from 1.09 at October 2022. As at 31st October 2023 the company had cash reserves of £0.19m. The above are considered to be KPI's of the company.

The company has continued its drive to bring it back to profitability by reducing its cost base where prudent and allowable, and is now positioned well to take advantage of new opportunities as they arise.

The directors monitor performance through the production of a 2-year business plan, supported by the production of detailed annual budgets and forecasts and the comparison of actual performance against these budgets. Having reviewed these plans the directors are confident that the company will continue to trade as a going-concern.

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 four years.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023

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 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.

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

This year the company has also started to measure its carbon footprint in order for this to provide a marker against which reduction in energy usage can be measured.

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 £9,000 for Alzheimers UK.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023

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. The stabilisation of interest rates in 2024 has helped steady the housing market and therefore some of the largest customers of Hobs. However there continues to be some high-profile business failures in the construction sector. It is anticipated that the new government's commitment to house-building will provide a boost to this important sector.
- Price risk – With inflation now back under control, this risk is reducing. Hobs implemented two price increases in September 2023 and June 2024 to combat the cost pressures during the high inflation experienced in 2023 and early 2024.
- Technology – With print technology constantly evolving, the directors invest in new machinery when needed and within the financial constraints of the business.
- 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. Hobs has taken a variety of measures to improve its network resilience over the past 18 months and now has Cyber Insurance in place.
- 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 28 November 2024 and signed on its behalf.

C. G. Horwood
Director

HOBS REPROGRAPHICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2023

The directors present their report and the financial statements for the year ended 31 October 2023.

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 £225,962 (2022 - loss £1,818,127).

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 (resigned 9 February 2024)
C. G. Horwood

HOBS REPROGRAPHICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2023

Future developments

The strategy set in 2023 will continue with positive results already surfacing. Our leadership team is committed to continue with developing environmentally friendly solutions that our clients can take advantage of for presentations and exhibitions. Print Relief world reforestation will further support our efforts and assist in offsetting the carbon footprint of our clients.

Our development of new channels of business is continuing through our management team. Previously unexplored sectors have been targeted with engagement campaigns and are showing encouraging results. We will continue to probe in these sectors and seek to establish our brand and reputation for ongoing sales developments.

FM and digital post rooms will continue to grow alongside hybrid models of service delivery. Web2print is uncovering numerous opportunities to allow our clients to procure on a more strategic basis and streamline their own supply chains whilst gaining an improved service through a tighter partnership approach.

Our own supply chain which has seen some turbulent times due to high inflation and cross border shipping pressures has now settled and we are seeing new innovative products which are allowing us to enhance our own work through either environmentally sensitive medias or utilising new technologies to speed up processes.

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 28 November 2024 and signed on its behalf.

C. G. Horwood
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOBS REPROGRAPHICS LIMITED

Opinion

We have audited the financial statements of Hobs Reprographics Limited (the 'Company') for the year ended 31 October 2023, 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 2023 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 due to the difficult trading circumstances over the past few years, there are scenarios where the Group may exceed its banking facilities within the next 12 months. 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.

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

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)

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.

HOBS REPROGRAPHICS LIMITED

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

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. 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

28 November 2024

HOBS REPROGRAPHICS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2023**

| | Note | 2023 £ | 2022 £ |
|---------------------------------------|------|---------------------|--------------|
| Turnover | 4 | 13,853,502 | 13,112,420 |
| Cost of sales | | (3,612,655) | (3,449,871) |
| Gross profit | | 10,240,847 | 9,662,549 |
| Administrative expenses | | (10,206,342) | (10,264,255) |
| Other operating income | 5 | 108,104 | 160,219 |
| Operating profit/(loss) | 6 | 142,609 | (441,487) |
| Amounts written off investments | | (247,878) | (612,760) |
| Interest payable and similar expenses | 10 | (120,693) | (96,110) |
| Loss before tax | | (225,962) | (1,150,357) |
| Tax on loss | 11 | - | (667,770) |
| Loss for the financial year | | (225,962) | (1,818,127) |

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 13 to 32 form part of these financial statements.

HOBS REPROGRAPHICS LIMITED
REGISTERED NUMBER: 00511368

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2023

| | Note | 2023 £ | 2022 £ |
|---|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 18,561 | 108,482 |
| Tangible assets | 13 | 608,883 | 1,040,078 |
| Investments | 14 | 1 | 1 |
| | | <u>627,445</u> | <u>1,148,561</u> |
| Current assets | | | |
| Stocks | 15 | 281,929 | 269,058 |
| Debtors: amounts falling due within one year | 16 | 3,988,486 | 3,290,884 |
| Cash at bank and in hand | 17 | 194,984 | 239,464 |
| | | <u>4,465,399</u> | <u>3,799,406</u> |
| Creditors: amounts falling due within one year | 18 | (4,206,005) | (3,498,669) |
| Net current assets | | <u>259,394</u> | <u>300,737</u> |
| Total assets less current liabilities | | | |
| | | <u>886,839</u> | <u>1,449,298</u> |
| Creditors: amounts falling due after more than one year | 19 | (118,967) | (232,123) |
| Provisions for liabilities | | | |
| Other provisions | 22 | (536,042) | (759,383) |
| | | <u>(536,042)</u> | <u>(759,383)</u> |
| Net assets | | <u><u>231,830</u></u> | <u><u>457,792</u></u> |
| Capital and reserves | | | |
| Called up share capital | 23 | 50,000 | 50,000 |
| Profit and loss account | 24 | 181,830 | 407,792 |
| | | <u>231,830</u> | <u>457,792</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 November 2024.

S. D. Austin
Director

The notes on pages 13 to 32 form part of these financial statements.

HOBS REPROGRAPHICS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2023**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---------------------------------|-------------------|
| At 1 November 2021 | 50,000 | 2,225,919 | 2,275,919 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (1,818,127) | (1,818,127) |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | (1,818,127) | (1,818,127) |
| Total transactions with owners | - | - | - |
| At 1 November 2022 | 50,000 | 407,792 | 457,792 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (225,962) | (225,962) |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | (225,962) | (225,962) |
| Total transactions with owners | - | - | - |
| At 31 October 2023 | 50,000 | 181,830 | 231,830 |

The notes on pages 13 to 32 form part of these financial statements.

HOBS REPROGRAPHICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

2. Accounting policies (continued)

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 group forecasts for the period up to November 2025.

During 2023 the company continued to build on its revenue streams, increasing turnover by 5.7% and turning an operating loss of £441k in 2022 into an operating profit of £142k, and in 2024 has increased profit on this measure, with a draft operating profit of £470k. This has been driven by a combination of increased sales (8% increase in 2024) and significant payroll reductions, which are now fully baked in to the cost base.

The company's plans for the next 2 years will help further grow revenue without requiring a commensurate increase in costs, which it is anticipated will move the company further into a profit-making position.

In terms of cash flow, the company has had to weather a number of exceptional legacy costs, as well as dilapidations settlements whilst the directors continue to reduce the cost of the lease estate. This has created a drag on cash which will continue for some months as the lease estate is rationalised further.

The group projections incorporate significant assumptions in relation to deferral of various payments in December 2024 to February 2025 together with several cost saving measures to ensure that the group remains within its banking facilities during this period. Under these assumptions, the projections provide for sufficient liquidity for the group to continue as a going concern, however the directors recognise that, whilst they are confident that the deferral of various payments will be agreed, the cost saving measures will be implemented and they expect the trading performance to improve as per the financial projections, there is a material uncertainty as to the ability of the business to continue to operate as a going concern.

It should be noted that it has been agreed with the group's loan note holders that any redemptions due before December 2025 will now be deferred until August 2026 to allow the group to rebuild its cash reserves. We are also in the process of agreeing with all loan note holders that no loan note interest will be paid for the foreseeable future and the cashflow projections do not include any loan note interest payments.

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 2023

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 2021 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 2023

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 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.

2.8 Borrowing costs

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

2.9 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 profit or loss 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.

2.10 Taxation

Tax is recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

2. Accounting policies (continued)

2.11 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 |

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

2. Accounting policies (continued)

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.19 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 2023

2. Accounting policies (continued)

2.20 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.

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 debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) 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 debtors due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

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

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 creditors, bank loans and other loans are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

2. Accounting policies (continued)

2.20 Financial instruments (continued)

where the effect of discounting is immaterial.

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

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors 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.

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 2023

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.

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

4. Turnover

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

Analysis of turnover by country of destination:

| | 2023 | 2022 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 13,801,524 | 13,008,628 |
| Rest of Europe | 51,978 | 103,792 |
| | <u>13,853,502</u> | <u>13,112,420</u> |

5. Other operating income

| | 2023 | 2022 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Other operating income | - | 22,098 |
| Management fees receivable | 108,104 | 138,121 |
| | <u>108,104</u> | <u>160,219</u> |

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

| | 2023 | 2022 |
|--------------------------------------|------------------|----------------|
| | £ | £ |
| Exchange differences | 4,000 | 6,501 |
| Other operating lease rentals | 798,386 | 1,230,828 |
| Provision for onerous lease contract | <u>(223,341)</u> | <u>373,341</u> |

In 2022 an onerous lease provision of £373,341 was made due to a dispute with a landlord, with the provision representing the full cost of rent, service charges and utilities. However, the directors believed there was a substantial counter claim to be made and vigorously defended the company against the action which has resulted in a settlement being reached for £150,000 and a £223,341 reduction in the onerous lease provision.

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

7. **Auditors' remuneration**

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

| | 2023 | 2022 |
|--|---------------|---------------|
| | £ | £ |
| Fees payable to the Company's auditors for the audit of the Company's financial statements | <u>15,125</u> | <u>14,175</u> |

8. **Employees**

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

| | 2023 | 2022 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 5,483,023 | 5,209,050 |
| Social security costs | 529,526 | 496,611 |
| Cost of defined contribution scheme | 134,746 | 125,489 |
| | <u>6,147,295</u> | <u>5,831,150</u> |

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

| | 2023 | 2022 |
|------------|------------|------------|
| | No. | No. |
| Management | 7 | 8 |
| Staff | 139 | 137 |
| | <u>146</u> | <u>145</u> |

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

9. Directors' remuneration

| | 2023 | 2022 |
|---|----------------|----------------|
| | £ | £ |
| Directors' emoluments | 104,771 | 354,845 |
| Company contributions to defined contribution pension schemes | 9,430 | 28,328 |
| | <u>114,201</u> | <u>383,173</u> |

During the year retirement benefits were accruing to 1 director (2022 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £104,771 (2022 - £140,666).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,430 (2022 - £11,372).

10. Interest payable and similar expenses

| | 2023 | 2022 |
|--|----------------|---------------|
| | £ | £ |
| Finance leases and hire purchase contracts | 23,018 | 20,684 |
| Other interest payable | 97,675 | 75,426 |
| | <u>120,693</u> | <u>96,110</u> |

11. Taxation

| | 2023 | 2022 |
|--|----------|----------------|
| | £ | £ |
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 667,770 |
| Total deferred tax | <u>-</u> | <u>667,770</u> |
| Tax on loss | <u>-</u> | <u>667,770</u> |

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 22.5% (2022 - 19%). The differences are explained below:

| | 2023 £ | 2022 £ |
|--|------------------|--------------------|
| Loss on ordinary activities before tax | <u>(225,962)</u> | <u>(1,150,358)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2022 - 19%) | (50,841) | (218,568) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 61,423 | 121,706 |
| Capital allowances for year in excess of depreciation | (30,980) | 6,152 |
| Other timing differences leading to an increase (decrease) in taxation | - | 553 |
| Remeasurement of deferred tax changes in tax rates | (2,218) | (21,732) |
| Deferred tax not recognised | 22,337 | 769,665 |
| Other differences leading to an increase (decrease) in the tax charge | 279 | 9,994 |
| Total tax charge for the year | <u>-</u> | <u>667,770</u> |

Factors that may affect future tax charges

Trade losses of £3,593,503 (2022 - £3,666,700) are carried forward and are available to reduce the tax liability arising from future trading profits.

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

12. Intangible assets

| | Customer relation- ships £ | Software £ | Goodwill £ | Negative goodwill £ | Total £ |
|--|-------------------------------------|---------------|---------------|---------------------------|------------|
| Cost | | | | | |
| At 1 November 2022 | 619,416 | 1,258,375 | 1,134,093 | (341,062) | 2,670,822 |
| Disposals | - | (135,726) | - | - | (135,726) |
| At 31 October 2023 | 619,416 | 1,122,649 | 1,134,093 | (341,062) | 2,535,096 |
| Amortisation | | | | | |
| At 1 November 2022 | 619,416 | 1,221,504 | 1,062,482 | (341,062) | 2,562,340 |
| Charge for the year on owned assets | - | 18,310 | 71,611 | - | 89,921 |
| On disposals | - | (135,726) | - | - | (135,726) |
| At 31 October 2023 | 619,416 | 1,104,088 | 1,134,093 | (341,062) | 2,516,535 |
| Net book value | | | | | |
| At 31 October 2023 | - | 18,561 | - | - | 18,561 |
| At 31 October 2022 | - | 36,871 | 71,611 | - | 108,482 |

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

13. Tangible fixed assets

| | Long-term leasehold property £ | Short-term leasehold property £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|---|---|--|-----------------------------|------------------------|-------------------------------|------------------|
| Cost or valuation | | | | | | |
| At 1 November 2022 | 247,728 | 1,290,802 | 6,610,289 | 81,924 | 281,740 | 8,512,483 |
| Additions | - | 8,297 | 136,699 | - | 2,685 | 147,681 |
| Disposals | (247,728) | (488,518) | (1,545,538) | (57,161) | (107,546) | (2,446,491) |
| At 31 October 2023 | - | 810,581 | 5,201,450 | 24,763 | 176,879 | 6,213,673 |
| Depreciation | | | | | | |
| At 1 November 2022 | 99,090 | 1,073,645 | 5,960,130 | 81,217 | 258,323 | 7,472,405 |
| Charge for the year on owned assets | 8,258 | 84,683 | 167,586 | 708 | 11,781 | 273,016 |
| Charge for the year on financed assets | - | - | 146,731 | - | - | 146,731 |
| Disposals | (107,349) | (488,518) | (1,526,788) | (57,161) | (107,546) | (2,287,362) |
| At 31 October 2023 | (1) | 669,810 | 4,747,659 | 24,764 | 162,558 | 5,604,790 |
| Net book value | | | | | | |
| At 31 October 2023 | <u>1</u> | <u>140,771</u> | <u>453,791</u> | <u>(1)</u> | <u>14,321</u> | <u>608,883</u> |
| At 31 October 2022 | <u>148,637</u> | <u>217,157</u> | <u>650,159</u> | <u>708</u> | <u>23,417</u> | <u>1,040,078</u> |

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

| | 2023 £ | 2022 £ |
|---------------------|----------------|----------------|
| Plant and machinery | 255,250 | 411,099 |
| | <u>255,250</u> | <u>411,099</u> |

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

14. Fixed asset investments

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 November 2022 | 1 |
| At 31 October 2023 | <u>1</u> |

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

| Name | Class of shares | Holding |
|---------------------|--------------------|---------|
| Hobs Studio Limited | Ordinary | 100% |

15. Stocks

| | 2023 £ | 2022 £ |
|-------------------------------|----------------|----------------|
| Raw materials and consumables | <u>281,929</u> | <u>269,058</u> |
| | <u>281,929</u> | <u>269,058</u> |

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

16. Debtors

| | 2023 £ | 2022 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 2,158,630 | 1,798,721 |
| Amounts owed by group undertakings | 1,061,206 | 840,871 |
| Other debtors | 245,220 | 122,254 |
| Prepayments and accrued income | 523,430 | 529,038 |
| | <u>3,988,486</u> | <u>3,290,884</u> |

17. Cash and cash equivalents

| | 2023 £ | 2022 £ |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 194,984 | 239,464 |
| | <u>194,984</u> | <u>239,464</u> |

18. Creditors: Amounts falling due within one year

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| Bank loans | 938,543 | 721,776 |
| Trade creditors | 1,296,707 | 1,101,833 |
| Other taxation and social security | 798,920 | 598,524 |
| Obligations under finance lease and hire purchase contracts | 146,719 | 153,545 |
| Other creditors | 79,336 | 25,500 |
| Accruals and deferred income | 945,780 | 897,491 |
| | <u>4,206,005</u> | <u>3,498,669</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.

HOBS REPROGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

19. Creditors: Amounts falling due after more than one year

| | 2023 | 2022 |
|--|----------------|----------------|
| | £ | £ |
| Net obligations under finance leases and hire purchase contracts | 118,967 | 232,123 |
| | <u>118,967</u> | <u>232,123</u> |

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

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2023 | 2022 |
|-------------------|----------------|----------------|
| | £ | £ |
| Within one year | 161,302 | 175,194 |
| Between 1-5 years | 122,855 | 244,656 |
| | <u>284,157</u> | <u>419,850</u> |

21. Financial instruments

| | 2023 | 2022 |
|--|----------------|----------------|
| | £ | £ |
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | <u>194,984</u> | <u>239,464</u> |

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

HOBS REPROGRAPHICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

22. Provisions

| | Dilapidat- ions £ | Onerous lease £ | Total £ |
|---------------------------|----------------------|--------------------|----------------|
| At 1 November 2022 | 386,042 | 373,341 | 759,383 |
| Utilised in year | - | (223,341) | (223,341) |
| At 31 October 2023 | 386,042 | 150,000 | 536,042 |

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

In 2022 an onerous lease provision of £373,341 was made due to a dispute with a landlord, with the provision representing the full cost of rent, service charges and utilities. However, the directors believed there was a substantial counter claim to be made and vigorously defended the company against the action which has resulted in a settlement being reached for £150,000 and a £223,341 reduction in the onerous lease provision.

23. Share capital

| | 2023 £ | 2022 £ |
|--|---------------|---------------|
| Allotted, called up and fully paid | | |
| 50,000 (2022 - 50,000) Ordinary shares of £1.00 each | 50,000 | 50,000 |

24. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

25. 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 £45,115 (2022 - £24,097) were payable to the fund at the reporting date and are included in creditors.

HOBS REPROGRAPHICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

26. Commitments under operating leases

At 31 October 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2023 | 2022 |
|--|------------------|------------------|
| | £ | £ |
| Not later than 1 year | 1,094,016 | 1,093,175 |
| Later than 1 year and not later than 5 years | 2,248,193 | 2,813,545 |
| Later than 5 years | - | 98,846 |
| | <u>3,342,209</u> | <u>4,005,566</u> |

27. Other financial commitments

The Company is party to a cross guarantee relating to amounts owed to IGF Business Credit Limited. The amount outstanding at the year end was £1,032,288 (2022 - £690,835 owed to HSBC UK Bank PLC).

Borrowings in other group companies are secured by way of fixed and floating charges in favour of BGF Nominee, other loan note holders and IGF Business Credit Limited.

28. 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.

29. 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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.