

HILL HIRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

Registered number: 02506613



Hill Hire Limited

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Hill Hire Limited

Directors' report

Year ended 31 December 2013

The directors present their annual report and financial statements for the year ended 31 December 2013.

Principal activities

Until 31 March 2012, the principal activity of the Company continued to be the provision of industry third party integrated transportation services. These activities included commercial vehicle rental, contract leasing hire, fleet management and dedicated contract carriage. The Company was incorporated in England and Wales, and continued to operate in, and to be domiciled in the UK.

After 31 March 2012, the Company is not trading, following the transfer of all trading activity, assets and liabilities to Ryder Limited, the immediate parent undertaking.

Business review

Following the transfer of the Company's entire trade and assets to its immediate parent, Ryder Limited on 31 March 2012, the company ceased to trade. The only transaction recorded in the year has been the payment of a final dividend (see note 9).

The Company reported £nil profit before tax for the year (2012: loss £6,591,000).

Future developments

The Company will remain dormant for the foreseeable future.

Going concern and disclosure exemptions

The directors believe that preparing the accounts on a basis other than going concern is appropriate due to the discontinued trade of the Company.

Under the Companies Act 2006, all companies, other than those that qualify as small, are required to produce a 'strategic report' that replaces the business review element of the directors' report. The company has taken exemption (under s414B) available for small companies from preparing a Strategic Report. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal risks and uncertainties

The Company's operational risks included maintenance, health and safety and disaster recovery specifically around technology. The Company invested in the policies, procedures and people to ensure that its customers' vehicles are maintained to the highest standards, which are reviewed by an independent internal audit group. The management of health and safety risk includes a dedicated health and safety team, risk assessments and operational standard procedures.

In addition the Company utilised proactive safety systems, which are monitored by online reporting systems and site audits, to ensure that it achieves the highest standard of safety for its employees and customers. Proactive management of health and safety issues continues to develop within the global business.

The Company's key commercial risks included unprofitable contracts, bad debt and asset utilisation. These risks are mitigated by strong internal controls. Potential new business undergoes a comprehensive profit study with senior management review, while credit assessment was independently co-ordinated. The quality of existing credit was constantly monitored.

Asset management was monitored centrally with utilisation being a key measure. Decision-making was supported via an integrated operating system with timely management reporting.

Hill Hire Limited

Directors' report (continued)

Year ended 31 December 2013

Financial risk management

From a financial risk perspective the Company's management of debt finance and hence interest rate risk was co-ordinated via the treasury department of the Company's ultimate parent undertaking, Ryder System Inc. (incorporated in Florida, USA, and whose financial statements are publicly available), who are able to utilise debt markets available to the larger group. The two relevant risks were liquidity and interest rate risk.

The Company actively maintained a mixture of long-term and short-term debt finance that were designed to ensure the Company has sufficient available funds for operations and planned expansions. Credit lines are available via a global revolving credit facility provided via the parent company and other group financing arrangements.

The Company had both interest bearing assets and interest bearing liabilities. Interest bearing assets included only bank account balances, which earned interest at variable rates. The Company reviewed the debt mixture of fixed rate and variable rate regularly.

Key performance indicators

KPI's used to monitor the performance of the business included the following:

- Turnover;
- Contract contribution;
- Costs per unit;
- Revenue per unit;
- Return on capital;
- Project return (IRR & NPV);
- Asset utilisation;
- Bad debt provision;
- Health & safety statistics;
- Employee headcount, turnover and absence;
- Service levels with customers; and
- Service levels with suppliers.

Financial performance measures were compared to plan and prior year on a regular basis.

Dividend

A final dividend in respect of 2012 was declared and paid of £12,760,000 (2012: £nil). The directors do not recommend a final dividend in respect of 2013.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

David Hunt
Sanford Hodes
Braden Moll

Directors' indemnities

The Company maintained liability insurance for its directors and officers throughout the year and up to the date of approval of these financial statements.

Donations

No political contributions were made during the year under review (2012: £nil).

Directors' report (continued)

Year ended 31 December 2013

Employment policy

The Company endeavoured to keep its employees fully informed on matters of concern to them as employees and encouraged employee involvement and initiatives to improve the Company's services and performance. This was achieved through a structured communication programme for the whole organisation including the publication of a bi-annual corporate magazine entitled *On the Move*, and quarterly updates via a newsletter, which included financial metrics. The annual management meeting and quarterly management conference calls reinforce this communication programme as each manager participating receives collateral to brief their teams on the core messages, results and news affecting the business.

Disabled persons

Applications for employment by disabled persons are fully considered, bearing in mind the abilities of the applicant concerned. Health and safety matters are given special attention by the directors and wherever possible continued employment will be offered to members of staff who become disabled. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Pensions

The Company operated a defined contribution plan available to all staff.

Statement of directors' responsibilities

The directors are responsible for preparing 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 financial statements for the year ended 31 December 2013 have not been prepared on a going concern basis, following the cessation of trade of the Company.

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.

Hill Hire Limited

Directors' report (continued)

Year ended 31 December 2013

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board on 13 June 2014



David Hunt
Director

Hill Hire Limited (Registered number: 02506613)

Independent auditors' report to the members of Hill Hire Limited (continued)

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the going concern basis of accounting. The company has ceased trading during the year. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. Adjustments have been made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, which are prepared by Hill Hire Limited, comprise:

- Balance sheet as at 31 December 2013;
- Statement of comprehensive income for the year then ended;
- Cash flow statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the members of Hill Hire Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of director's responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Nicholas Gower (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
13 June 2014

Hill Hire Limited

Statement of comprehensive income

Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
			£'000
Revenue	2	-	21,437
Cost of sales		<u>-</u>	<u>(16,789)</u>
Gross profit		-	4,648
Administrative expenses		-	(611)
Administrative expenses - exceptional items	3	-	<u>(7,809)</u>
			(8,420)
Finance costs	6	<u>-</u>	<u>(2,819)</u>
Loss before tax	7	-	(6,591)
Income tax expenses	8	<u>-</u>	<u>(216)</u>
Loss after tax being total comprehensive income		<u><u>-</u></u>	<u><u>(6,807)</u></u>

The notes on pages 13 to 19 form part of the financial statements.

All of the results presented above derive from discontinued activities.

There are no recognised gains or losses other than those shown in the income statement.

Hill Hire Limited

Balance sheet

Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Assets			
Current assets			
Amounts due from group undertaking		-	12,760
Total current assets and total assets		<u>-</u>	<u>12,760</u>
Capital and reserves			
Called up share capital	10	-	-
Retained earnings		-	12,760
Total equity		<u>-</u>	<u>12,760</u>
Total equity and liabilities		<u>-</u>	<u>12,760</u>

The notes on pages 13 to 19 form an integral part of these financial statements.

The financial statements on pages 9 to 19 were approved by the board of directors on 13 June 2014.



David Hunt
Director
Hill Hire Limited - registered number 02506613

Hill Hire Limited

Statement of changes in equity

Year ended 31 December 2013

	Note	Share Capital £'000	Retained earnings £'000	Total £'000
At 1 January 2013		-	12,760	12,760
Dividend paid	9	-	(12,760)	-
Profit/loss for the year		-	-	-
At 31 December 2012		-	-	-

Hill Hire Limited

Cash flow statement

Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Cash flow statement			
Cash flow from operating activities	11a	-	13,003
Interest paid		<u>-</u>	<u>(2,819)</u>
Net cash flow from operating activities		-	10,184
Net cash used in investing activities	11b	-	(7,379)
Cash flow financing activities			
Repayment of net borrowings		-	(7,181)
		<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents		-	(4,376)
Cash and cash equivalents at 31 December 2012		-	4,376
		<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 December 2013		<u><u>-</u></u>	<u><u>-</u></u>

Hill Hire Limited

Notes to the financial statements

Year ended 31 December 2013

1. Principal accounting policies

The following accounting policies have been consistently applied to all periods unless otherwise stated.

Basis of preparation

These financial statements are prepared on the basis other than that the Company is a going concern, under the historical cost convention, and in accordance with International Financial reporting standards ("IFRSs") as adopted by the European Union and interpretations issued by the international Reporting Interpretations Committee ("IFRIC").

Going concern

The directors believe that preparing the accounts on a basis other than going concern is appropriate for the current year due to the discontinued trade of the Company. The financial statements for the prior year were prepared on a going concern basis.

Financial assets

Financial assets compromise amounts due from group undertaking.

Financial assets are recognised when the Company become party to the contractual provision of the instrument. Financial assets are derecognised when the rights to receive cashflows have expired,

Revenue

Revenue represents amounts net of trade discounts and rebates derived from the provision of transportation services (including commercial vehicle rental, contract hire, fleet management and supply chain solutions) and goods supplied in the UK & Ireland and the rest of Europe during the year, excluding Value Added Tax. Turnover is recognised as contractual services are provided or goods sold, and when the amount of turnover can be measured reliably, and receipt of payment is probable.

Depreciation and amortisation

Tangible fixed assets are stated at cost. Cost comprises purchase price and, in the case of property, professional fees incurred on acquisition. No depreciation is provided on freehold land. Depreciation of revenue earning vehicles is calculated to write down the vehicles to their estimated residual value over the length of the lease term ranging from three to ten years on a straight line basis.

Depreciation of other fixed assets, excluding freehold land, is calculated to write off the cost to residual value by equal annual instalments over their expected useful economic lives, also on a straight-line basis.

The estimated useful lives are:

Freehold and leasehold buildings	- thirty to forty years, or the period of the lease where shorter
Plant and equipment	- two to four years
Operating lease assets	- two to ten years

The useful lives of the assets and their residual values are periodically reviewed at least annually and adjusted when appropriate.

Notes to the financial statements (continued)

Year ended 31 December 2013

1. Principal accounting policies (continued)

Leasing of equipment

- (1) Lessee accounting - Lease agreements for revenue earning vehicles, service vehicles and office equipment under finance leases that confer rights and obligations similar to those of owned assets are included in the amounts shown in fixed assets in the balance sheet under their respective headings. The assets are depreciated over the shorter of the lease term or their useful economic lives. The interest element of the leasing cost is amortised so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period. The rental costs of other leased assets are charged to the Statement of comprehensive income on a straight-line basis over the lease term.

Future instalments under finance leases, net of finance charges are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Statement of comprehensive income, and the capital element, which reduces the outstanding obligation for future instalments.

- (2) Lessor accounting - The rentals receivable under full service operating lease agreements with customers are taken to profit as they fall due over the term of the leases. Assets used in full service operating lease agreements are recorded in the balance sheet as tangible fixed assets and depreciated over their expected useful economic lives or the term of the lease, whichever is shorter. The cost of assets hired out under finance leases are excluded from the balance sheet and an appropriate debtor is recognised instead. Rentals from finance leases are split between capital repayments and interest so as to produce a constant periodic rate of return on the remaining balance of the receivable amount for each accounting period.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the average rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the Statement of comprehensive income.

Pension cost - defined contribution

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the statement of comprehensive income represents the contributions payable to the schemes in respect of the accounting period.

Exceptional items

Items that derive from events or transactions that fall within the ordinary activities of the Company and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance. Events, which may give rise to, the classification of items as exceptional include, but are not restricted to, restructuring of the business, and profits or losses on disposals of fixed assets.

Hill Hire Limited

Notes to the financial statements (continued)

Year ended 31 December 2013

1. Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

2. Revenue by origin

	2013	2012
	£'000	£'000
UK and Ireland	-	21,437

The directors considered the Company to have only a single class of business.

There is no material difference between the origin and destination of turnover.

3. Exceptional items

On 31 March 2012 Ryder Limited acquired the trade, assets and liabilities of the Company at book value, as part of the continuing integration of the ongoing business into the Ryder Group.

In order to recognise the differing accounting policies and book values between the Company and Ryder Limited an exceptional expense of £7,809,000 was recognised in the prior year in writing down the value of the net assets transferred to Ryder Limited.

Hill Hire Limited

Notes to the financial statements (continued)

Year ended 31 December 2013

4. Employee numbers and costs

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

	2013 Number	2012 Number
Drivers, warehouse, maintenance and admin	-	245

	Note	2013 £'000	2012 £'000
The aggregate payroll costs of these persons were as follows:			
Wages and salaries		-	1,575
Social security costs		-	222
Other pension costs	14	-	9
		-	1,806

5. Directors remuneration

The directors did not receive any emoluments or other benefits in respect of their services to the company in the current year.

6. Finance costs

	2013 £'000	2012 £'000
Interest payable to a parent undertaking	-	2,819

7. Loss before taxation

	2013 £'000	2012 £'000
This is stated after charging/(crediting):		
Depreciation of Property plant & equipment	-	6,157
Profit on sale of fixed assets	-	(715)
Audit fees	-	19

The audit fee for the year of £500 has been borne by a parent undertaking.

Hill Hire Limited

Notes to the financial statements (continued)

Year ended 31 December 2013

8. Income tax expenses

	2013 £'000	2012 £'000
(a) Tax charge based on the loss/profit for the year on ordinary activities:		
Current tax:		
Corporation tax on loss/profit for the year	-	65
Adjustments in respect of prior years	-	1
	-	66
Deferred tax:		
Origination/reversal of timing differences	-	232
Impact of changes in rates of corporation tax	-	(68)
Adjustments in respect of prior years	-	(14)
Total deferred tax charge/(credit)	-	150
Tax on loss/profit on ordinary activities	-	216

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	2013 £'000	2012 £'000
Current tax reconciliation:		
Loss before tax	-	(6,591)
Tax on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 26.0%)	-	(1,714)
Effects of:		
Expenses not deductible for corporation tax purposes	-	2,031
Adjustments in respect of prior years	-	(13)
Impact of changes in rates of corporation tax	-	(88)
Total tax charge for the year	-	216

(c) Factors that may affect future tax charges:

As the entire trade and assets of the company were transferred to Ryder Limited on 31 March 2012, the Company is not expected to incur tax charges in the foreseeable future.

9. Dividends

	2013 £'000	2012 £'000
Equity - Ordinary		
Final 2012 dividend paid: £12,760,000 (2012: £nil) per £0.10 share	12,760	-

The directors do not recommend the payment of a final dividend this year.

Hill Hire Limited

Notes to the financial statements (continued)

Year ended 31 December 2013

10. Share capital

	2013	2012
	£'000	£'000
Authorised:		
38,450,000 (2012: 38,450,000) ordinary shares of £0.10 each	<u>3,845</u>	<u>3,845</u>
Issued, called up and fully paid:		
1 (2012: 1) ordinary shares of £0.10 each	<u>-</u>	<u>-</u>

11. Cash flow

	2013	2012
	£'000	£'000
(a) Cash generated from operations		
Loss before tax	-	(6,591)
Exceptional write off on transfer to parent undertaking (Note 3)	-	7,809
Interest expense	-	2,819
Depreciation	-	6,157
Movement in debtors	-	415
Movement in creditors	-	3,129
Movement in inventory	-	(20)
Profit on sales of property, plant and equipment	<u>-</u>	<u>(715)</u>
Cash from operating activities	<u>-</u>	<u>13,003</u>
(b) Analysis of cash flows		
	2013	2012
	£'000	£'000
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(9,766)
Sale of tangible fixed assets	<u>-</u>	<u>2,387</u>
	<u>-</u>	<u>(7,379)</u>

12. Related party disclosure

As the Company is a wholly owned subsidiary of Ryder System Inc., the Company has taken advantage of the exemption contained in IAS 24 'Related Party Disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Ryder System Inc., within which this Company is included, can be obtained from the address given in note 13.

Hill Hire Limited

Notes to the financial statements (continued)

Year ended 31 December 2013

13. Parent undertaking

Ryder Limited, incorporated in England and Wales, is the immediate parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements of Ryder Limited are available from the Company Secretary, Ryder Limited, Unit 1-3, Prince Maurice Court, Hambleton Avenue, Devizes, SN10 2RT.

Ryder System Inc., incorporated in the State of Florida, U.S.A., is the ultimate parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2012. The consolidated financial statements of Ryder System Inc. are available from Group Director Investor Relations, Ryder System Inc., 11690 NW 105th Street, Miami, Florida, 33178, U.S.A.

14. Pension scheme

Defined contribution schemes

The pension cost charge for the year, representing contributions payable by the Company to the schemes, amounted to:

	2013	2012
	£'000	£'000
Contributions payable	-	9

At the end of the year a balance of £nil (2012: £nil) was due to the pension schemes.