

Registration number: 04959684

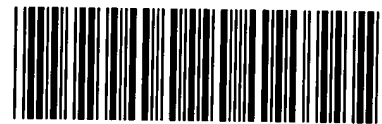
The Hill Company Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

Landmark Audit Limited
Chartered Accountants
Statutory Auditors
Leavesden Park
5 Hercules Way
Watford
Hertfordshire
WD25 7GS

TUESDAY



A12 *A86VIQSX* #175
04/06/2019
COMPANIES HOUSE

The Hill Company Limited

Contents

Company Information	1
Chairman's Statement	2
Strategic Report	3 to 4
Directors' Report	5 to 6
Independent Auditor's Report	7 to 9
Profit and Loss Account and Statement of Retained Earnings	10
Balance Sheet	11
Notes to the Financial Statements	12 to 24

The Hill Company Limited

Company Information

Directors	A D Hill
	J D Hill
	S J Hill
	R J McGlynn
	D V Malempre
	R J Brazier
Company secretary	J D Hill
Registered office	Solus 31
	Motherwell Way
	West Thurrock
	Essex
	RM20 3LB
Auditors	Landmark Audit Limited
	Chartered Accountants
	Statutory Auditors
	Leavesden Park
	5 Hercules Way
	Watford
	Hertfordshire
	WD25 7GS

The Hill Company Limited

Chairman's Statement for the Year Ended 31 December 2018

Following a further successful year of trading, it is my great pleasure, as in previous years, to thank the management and staff for their splendid achievement.

Our facilities in Scotland and Manchester are now fully operational complementing our existing facilities giving nationwide coverage.

Our new facility at Beam Reach in Rainham Essex became fully operational during May 2018 and will accommodate our new business and continuing growth.

Due to the continuing growth of our scanning business, this department has been relocated to larger accommodation within our new facility at Beam Reach.

We have continued to invest in up to date technology and we have migrated to the O'Neil Cloud, being the most up to date and Secure Record Management Platform available.

With our loyal, experienced management and staff in place, I look forward to the Company continuing to provide our clients with a first class service, so that we may continue to be recognised as one of the leading professional data management providers in the U.K.

The Hill Company Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Principal activity

The principal activity of the company is the management and provision of storage facilities, document scanning, secure document destruction and vehicle rental.

Fair review of the business

Our facility at Beam Reach in Rainham Essex is now fully operational, complementing our existing facilities giving nationwide coverage.

Due to the continuing growth of the scanning business this division was relocated to larger accommodation within our facility at Beam Reach and now incorporates the additional scanning business arising from the acquisition of the goodwill of RPJ Document Management Ltd in July 2018.

The directors monitor the growth of the business by reference to certain key financial performance indicators.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover	£	7,044,199	6,265,660
Gross Profit	£	6,221,282	5,648,278
Gross Profit %	%	88	90
Profit Before Tax	£	393,132	1,103,675

The directors also monitor the growth of the business by reference to certain non financial performance indicators, including the number of new customers, boxes under management and warehouse space occupancy.

The Hill Company Limited

Strategic Report for the Year Ended 31 December 2018

Principal risks and uncertainties

The company uses various financial instruments including inter company loans, cash and equity investments as well as other items, such as trade debtors and trade creditors that arise directly from its operation to raise finance. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

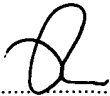
Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have appropriate credit ratings. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors set limits for customers. Credit limits are reviewed on a regular basis.

Approved by the Board on 20.05.19 and signed on its behalf by:



J D Hill

Company secretary and director

The Hill Company Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors of the company

The directors who held office during the year were as follows:

A D Hill

J D Hill - Company secretary and director

S J Hill

R J McGlynn

D V Malempre

R J Brazier

Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

The Hill Company Limited

Directors' Report for the Year Ended 31 December 2018

Reappointment of auditors

The auditors Landmark Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 20.05.19 and signed on its behalf by:



.....
J D Hill
Company secretary and director

The Hill Company Limited

Independent Auditor's Report to the Members of The Hill Company Limited

Opinion

We have audited the financial statements of The Hill Company Limited (the 'company') for the year ended 31 December 2018, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

The Hill Company Limited

Independent Auditor's Report to the Members of The Hill Company Limited

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

We have nothing to report in this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The Hill Company Limited

Independent Auditor's Report to the Members of The Hill Company Limited

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Philip Cole (Senior Statutory Auditor)
For and on behalf of Landmark Audit Limited
Chartered Accountants
Statutory Auditors
Leavesden Park
5 Hercules Way
Watford
Hertfordshire
WD25 7GS

Date: 20/05/2019

The Hill Company Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	7,044,199	6,265,660
Cost of sales		<u>(822,917)</u>	<u>(617,382)</u>
Gross profit		6,221,282	5,648,278
Administrative expenses		(5,660,712)	(4,368,907)
Other operating income	4	<u>26,275</u>	<u>26,275</u>
Operating profit	5	<u>586,845</u>	<u>1,305,646</u>
Other interest receivable and similar income	6	14,936	23,812
Interest payable and similar charges	7	<u>(208,649)</u>	<u>(225,783)</u>
		<u>(193,713)</u>	<u>(201,971)</u>
Profit before tax		393,132	1,103,675
Taxation	11	<u>(152,039)</u>	<u>(171,447)</u>
Profit for the financial year		241,093	932,228
Retained earnings brought forward		5,416,295	4,544,194
Dividends paid		<u>-</u>	<u>(60,127)</u>
Retained earnings carried forward		<u><u>5,657,388</u></u>	<u><u>5,416,295</u></u>

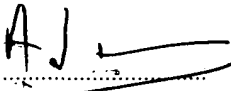
The above results were derived from continuing operations.

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

The Hill Company Limited
(Registration number: 04959684)
Balance Sheet as at 31 December 2018

	Note	2018	2017
		£	£
Fixed assets			
Tangible assets	13	24,517,372	23,159,482
Current assets			
Stocks	14	448,052	485,569
Debtors	15	1,790,021	1,647,467
Cash at bank and in hand	16	<u>2,203,815</u>	<u>2,143,050</u>
		4,441,888	4,276,086
Creditors: Amounts falling due within one year	17	<u>(16,523,994)</u>	<u>(16,250,353)</u>
Net current liabilities		<u>(12,082,106)</u>	<u>(11,974,267)</u>
Total assets less current liabilities		12,435,266	11,185,215
Creditors: Amounts falling due after more than one year	17	(5,768,411)	(4,832,121)
Provisions for liabilities	18	<u>(1,009,259)</u>	<u>(936,591)</u>
Net assets		<u>5,657,596</u>	<u>5,416,503</u>
Capital and reserves			
Called up share capital	20	208	208
Profit and loss account		<u>5,657,388</u>	<u>5,416,295</u>
Total equity		<u>5,657,596</u>	<u>5,416,503</u>

Approved and authorised by the Board on 20.5.19 and signed on its behalf by:


 A D Hill
 Director

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Solus 31
Motherwell Way
West Thurrock
Essex
RM20 3LB

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The company is exempt from the requirement to present a cash flow statement in accordance with FRS 102.

The company has taken advantage of the exemption under FRS102 Section 33.1A not to disclose transactions with group undertakings that are wholly owned by the group.

Going concern

The financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	2% Straight line
Long leasehold buildings	2% Straight line
Plant and machinery	25% Straight line
Motor vehicles	25% Straight line
Fixtures and fittings	2% - 20% Straight line
Computer equipment	33% Straight line

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised over its useful life.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 1 year

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are recognised initially at the transaction price, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stocks are 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.

Trade creditors

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. Assets held under hire purchase leases are depreciated over their estimated useful lives. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

Recognition and measurement

Basic financial instruments are recognised at amortised cost.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Sale of goods	554,291	628,184
Rendering of services	6,489,908	5,637,476
	<u>7,044,199</u>	<u>6,265,660</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2018 £	2017 £
Rental income	<u>26,275</u>	<u>26,275</u>

5 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense - assets owned by the company	697,758	467,696
Depreciation expense - assets held under hire purchase and finance leases	236,612	235,261
Amortisation expense	210,855	-
Profit on disposal of property, plant and equipment	<u>(18,478)</u>	<u>(20,494)</u>

6 Other interest receivable and similar income

	2018 £	2017 £
Interest income on bank deposits	12,793	23,812
Other interest receivable	<u>2,143</u>	<u>-</u>
	<u>14,936</u>	<u>23,812</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

7 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and borrowings	112,019	86,050
Interest on obligations under finance leases and hire purchase contracts	92,305	99,499
Interest expense on other finance liabilities	4,325	40,234
	<u>208,649</u>	<u>225,783</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	2,416,666	1,862,132
Social security costs	224,128	170,852
Pension costs, defined contribution scheme	39,682	29,626
	<u>2,680,476</u>	<u>2,062,610</u>

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

	2018 No.	2017 No.
Directors	6	6
Management and administration	23	22
Drivers and warehouse	44	35
	<u>73</u>	<u>63</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	703,629	458,916
Contributions paid to money purchase schemes	4,392	4,431
	<u>708,021</u>	<u>463,347</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>4</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

In respect of the highest paid director:

	2018 £	2017 £
Remuneration	<u>251,815</u>	<u>264,060</u>

10 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	<u>12,500</u>	<u>12,450</u>
Other fees to auditors		
Taxation compliance services	4,500	1,000
All other non-audit services	<u>8,000</u>	<u>7,000</u>
	<u>12,500</u>	<u>8,000</u>

11 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	79,371	172,630
Deferred taxation		
Arising from origination and reversal of timing differences	<u>72,668</u>	<u>(1,183)</u>
Tax expense in the income statement	<u>152,039</u>	<u>171,447</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>393,132</u>	<u>1,103,675</u>
Corporation tax at standard rate	74,695	212,457
Effect of expense not deductible in determining taxable profit (tax loss)	41,860	1,916
Deferred tax credit relating to changes in tax rates or laws	-	(56,169)
Tax increase from effect of capital allowances and depreciation	35,484	18,090
Tax decrease arising from group relief	<u>-</u>	<u>(4,847)</u>
Total tax charge	<u>152,039</u>	<u>171,447</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Deferred tax

Deferred tax assets and liabilities

	Liability £
2018	
Accelerated capital allowances	982,588
Deferred chargeable gains	<u>26,671</u>
	<u><u>1,009,259</u></u>

	Liability £
2017	
Accelerated capital allowances	909,919
Deferred chargeable gains	<u>26,671</u>
	<u><u>936,590</u></u>

12 Intangible assets

	Goodwill £	Total £
Cost or valuation		
Additions at cost	<u>210,855</u>	<u>210,855</u>
At 31 December 2018	<u>210,855</u>	<u>210,855</u>
Amortisation		
Amortisation charge	<u>210,855</u>	<u>210,855</u>
At 31 December 2018	<u>210,855</u>	<u>210,855</u>
Carrying amount		
At 31 December 2018	<u><u>-</u></u>	<u><u>-</u></u>
At 31 December 2017	<u><u>-</u></u>	<u><u>-</u></u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

13 Tangible assets

	Freehold Land and buildings £	Long leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £
Cost or valuation				
At 1 January 2018	8,318,116	7,119,977	10,978,085	64,290
Additions	-	-	1,804,785	-
Disposals	-	-	(1,040)	-
At 31 December 2018	8,318,116	7,119,977	12,781,830	64,290
Depreciation				
At 1 January 2018	263,637	-	3,228,798	53,340
Charge for the year	103,765	84,000	519,132	3,650
Eliminated on disposal	-	-	(312)	-
At 31 December 2018	367,402	84,000	3,747,618	56,990
Carrying amount				
At 31 December 2018	7,950,714	7,035,977	9,034,212	7,300
At 31 December 2017	8,054,479	7,119,977	7,749,287	10,950
		Computer equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2018		387,042	541,344	27,408,854
Additions		9,821	497,132	2,311,738
Disposals		-	(138,988)	(140,028)
At 31 December 2018		396,863	899,488	29,580,564
Depreciation				
At 1 January 2018		340,170	363,427	4,249,372
Charge for the year		34,499	189,324	934,370
Eliminated on disposal		-	(120,238)	(120,550)
At 31 December 2018		374,669	432,513	5,063,192
Carrying amount				
At 31 December 2018		22,194	466,975	24,517,372
At 31 December 2017		46,872	177,917	23,159,482

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Included in freehold land and buildings is land at directors' valuation of £3,129,872 (2017 - £3,129,872) which is not depreciated. Included in long leasehold land and buildings is land at directors' valuation of £2,500,000 (2017 - £2,500,000) which is not depreciated.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2018 £	2017 £
Motor vehicles	281,865	119,478
Fixtures and fittings	4,467,801	2,348,001
	<u>4,749,666</u>	<u>2,467,479</u>

Restriction on title and pledged as security

Tangible fixed assets with a carrying amount of £6,616,000 (2017 - £6,700,000) have been pledged as security for the company's bank borrowings.

14 Stocks

	2018 £	2017 £
Finished goods and goods for resale	<u>448,052</u>	<u>485,569</u>

The cost of stocks recognised as an expense in the year amounted to £322,617 (2017 - £290,754).

15 Debtors

	2018 £	2017 £
Trade debtors	1,159,598	1,038,943
Other debtors	169,908	170,545
Prepayments and accrued income	405,295	382,759
Corporation tax	55,220	55,220
Total current trade and other debtors	<u>1,790,021</u>	<u>1,647,467</u>

16 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	238	253
Cash at bank	307,787	38,864
Short-term deposits	1,895,790	2,103,933
	<u>2,203,815</u>	<u>2,143,050</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

17 Creditors

	Note	2018 £	2017 £
Due within one year			
Loans and borrowings	21	1,210,884	799,446
Trade creditors		85,660	367,923
Amounts owed to group undertakings	25	13,972,005	13,972,005
Social security and other taxes		420,827	175,845
Other creditors		41,229	79,642
Accruals and deferred income		713,371	626,996
Corporation tax	11	80,018	228,496
		<u>16,523,994</u>	<u>16,250,353</u>
Due after one year			
Loans and borrowings	21	<u>5,768,411</u>	<u>4,832,121</u>

18 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2018	936,591	936,591
Increase (decrease) in existing provisions	<u>72,668</u>	<u>72,668</u>
At 31 December 2018	<u>1,009,259</u>	<u>1,009,259</u>

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £39,682 (2017 - £29,626).

Contributions totalling £7,994 (2017 - £4,615) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>208</u>	<u>208</u>	<u>208</u>	<u>208</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

21 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Bank borrowings	4,084,524	4,420,238
Finance lease liabilities	<u>1,683,887</u>	<u>411,883</u>
	<u>5,768,411</u>	<u>4,832,121</u>
	2018 £	2017 £
Current loans and borrowings		
Bank borrowings	335,714	279,762
Finance lease liabilities	<u>875,170</u>	<u>519,684</u>
	<u>1,210,884</u>	<u>799,446</u>

The bank borrowings of £4,420,238 (2017 - £4,700,000) are secured by a legal charge over specific fixed assets of the company.

The finance lease liabilities of £2,559,057 (2017 - £931,567) are secured on the specific assets subject to the finance provided.

22 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	971,409	585,214
Later than one year and not later than five years	<u>1,862,004</u>	<u>458,775</u>
	<u>2,833,413</u>	<u>1,043,989</u>

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	658,000	663,940
Later than one year and not later than five years	2,412,000	2,522,000
Later than five years	<u>9,772,667</u>	<u>10,320,667</u>
	<u>12,842,667</u>	<u>13,506,607</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £663,940 (2017 - £659,536).

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

23 Dividends

	2018 £	2017 £
Interim dividend of £Nil (2017 - £289.072) per ordinary share	<u>-</u>	<u>60,127</u>

24 Commitments

Capital commitments

The company had capital commitments for tangible fixed assets.

The total amount contracted for but not provided in the financial statements was £Nil (2017 - £1,750,000).

25 Related party transactions

Key management personnel

Key management personnel are the company's directors.

Summary of transactions with key management

The company paid rent on property held in pension funds of key management personnel.

The company has loans from key management personnel.

Loans are unsecured, and accrue interest at a rate of 8%.

Transactions with directors

	At 1 January 2018 £	At 31 December 2018 £
2018		
Loans to directors (interest rate 2.5% and repayable on demand)	<u>169,908</u>	<u>169,908</u>
	Advances to directors £	At 31 December 2017 £
2017		
Loans to directors (interest rate 2.5% and repayable on demand)	<u>169,908</u>	<u>169,908</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Expenditure with and payables to related parties

	Parent £	Key management £	Other group companies £
2018			
Interest payable on loans	-	4,325	-
Leases	-	110,000	-
	-	114,325	-
Amounts payable to related party	8,714,548	2,463	5,257,457
	Parent £	Key management £	Other group companies £
2017			
Interest payable on loans	-	40,234	-
Leases	-	110,000	-
	-	150,234	-
Amounts payable to related party	8,714,548	55,745	5,257,457

26 Parent and ultimate parent undertaking

The company's parent is Motherwell Holdings Limited.

The ultimate controlling party is A D Hill.