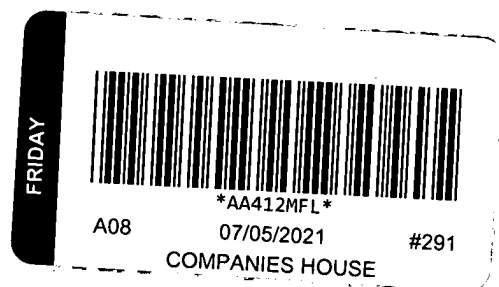


Registration number: 04959684

The Hill Company Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



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

The Hill Company Limited

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The Hill Company Limited

Company Information

Directors	A D Hill
	J D 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 2020

It is with great pleasure that I am able to thank the management and staff for their sterling achievement in such a difficult trading year due to coronavirus.

Document Storage

During the year we have located a suitable greenfield site in the Bristol area. Subsequent to the year- end we have exchanged contracts on the site and construction will start in the summer to deliver this State of the Art Records Centre. The new facility will provide a regional hub to service existing clients in this area and significantly increase capacity. This together with our other five facilities will enhance our nationwide coverage.

Document Scanning

The scanning department relocated in our Beam Reach facility has proved successful and with our continued investment in equipment and software has met the growth expected due to the current working environment.

Document Shredding

Our investment in the new shredding plant has been most successful in providing the complete confidential shredding service for our clients.

I also realise that we still have a very difficult year ahead with the presence of the coronavirus and in all our endeavours our staff and clients' safety will always be of paramount importance.

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

The Hill Company Limited

Strategic Report for the Year Ended 31 December 2020

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

Principal activity

The principal activity of the company is the management and provision of storage facilities, document scanning, and document shredding.

Fair review of the business

All sides of the business performed well given the backdrop of the pandemic. We continued to retain and win new business from other providers during the year across all sides of the business.

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	2020	2019
Turnover	£	7,355,837	7,836,522
Gross Profit	£	6,757,940	7,023,946
Gross Profit %	%	92	90
Profit Before Tax	£	1,445,555	674,034

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.

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 29/04/21 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 2020

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

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 (ceased 31 July 2020)

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 2020

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 29/04/21 and signed on its behalf by:

JAMES HILL
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 2020, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

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

We have nothing to report in this regard.

The Hill Company Limited

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

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 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.

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.

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 Hill Company Limited

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

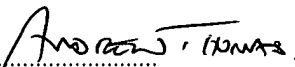
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The Hill Company Limited

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

Use of our report

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


.....
Andrew Thomas (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: 06/05/21

The Hill Company Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	7,355,837	7,836,522
Cost of sales		<u>(597,897)</u>	<u>(812,576)</u>
Gross profit		6,757,940	7,023,946
Administrative expenses		(5,578,626)	(6,192,215)
Other operating income	4	<u>392,374</u>	<u>27,355</u>
Operating profit	5	<u>1,571,688</u>	<u>859,086</u>
Other interest receivable and similar income	6	19,396	26,828
Interest payable and similar charges	7	<u>(145,529)</u>	<u>(211,880)</u>
		<u>(126,133)</u>	<u>(185,052)</u>
Profit before tax		1,445,555	674,034
Taxation	11	<u>(314,284)</u>	<u>(167,048)</u>
Profit for the financial year		1,131,271	506,986
Retained earnings brought forward		6,151,374	5,657,388
Dividends paid		<u>-</u>	<u>(13,000)</u>
Retained earnings carried forward		<u><u>7,282,645</u></u>	<u><u>6,151,374</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 2020

	Note	2020	2019
		£	£
Fixed assets			
Tangible assets	13	22,820,105	24,008,860
Current assets			
Stocks	14	448,326	367,913
Debtors	15	1,627,379	1,899,717
Cash at bank and in hand	16	<u>4,075,933</u>	<u>2,316,303</u>
		6,151,638	4,583,933
Creditors: Amounts falling due within one year	17	<u>(16,396,014)</u>	<u>(16,304,109)</u>
Net current liabilities		<u>(10,244,376)</u>	<u>(11,720,176)</u>
Total assets less current liabilities		12,575,729	12,288,684
Creditors: Amounts falling due after more than one year	17	(4,220,752)	(5,030,202)
Provisions for liabilities	18	<u>(1,072,124)</u>	<u>(1,106,900)</u>
Net assets		<u>7,282,853</u>	<u>6,151,582</u>
Capital and reserves			
Called up share capital	20	208	208
Profit and loss account		<u>7,282,645</u>	<u>6,151,374</u>
Total equity		<u>7,282,853</u>	<u>6,151,582</u>

Approved and authorised by the Board on 29/04/21 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 2020

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.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and the entity will comply with the conditions attached to them.

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 Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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 balance sheet 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.

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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 or hire purchase 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.

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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:

	2020	2019
	£	£
Sale of goods	417,828	571,973
Rendering of services	6,938,009	7,264,549
	<u>7,355,837</u>	<u>7,836,522</u>

4 Other operating income

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

	2020	2019
	£	£
Government grants	361,034	-
Rental income	31,340	27,355
	<u>392,374</u>	<u>27,355</u>

5 Operating profit

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense - assets owned by the company	699,710	687,264
Depreciation expense - assets held under hire purchase and finance leases	302,661	406,477
(Profit)/loss on disposal of property, plant and equipment	<u>(41,080)</u>	<u>15,121</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

6 Other interest receivable and similar income

	2020	2019
	£	£
Interest income on bank deposits	11,989	17,236
Other interest receivable	7,407	9,592
	<u>19,396</u>	<u>26,828</u>

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and borrowings	81,942	109,539
Interest on obligations under finance leases and hire purchase contracts	66,705	102,143
Interest expense on other finance liabilities	(3,118)	198
	<u>145,529</u>	<u>211,880</u>

8 Staff costs

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

	2020	2019
	£	£
Wages and salaries	2,240,927	2,657,857
Social security costs	211,776	240,519
Pension costs, defined contribution scheme	53,133	54,530
	<u>2,505,836</u>	<u>2,952,906</u>

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

	2020	2019
	No.	No.
Directors	5	6
Management and administration	37	35
Drivers and warehouse	35	48
	<u>77</u>	<u>89</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	578,668	716,475
Contributions paid to money purchase schemes	5,145	4,207
	<u>583,813</u>	<u>720,682</u>

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

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>2</u>

In respect of the highest paid director:

	2020 £	2019 £
Remuneration	377,830	252,238
Company contributions to money purchase pension schemes	<u>625</u>	<u>-</u>

10 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>12,750</u>	<u>12,750</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	349,059	69,407
Deferred taxation		
Arising from origination and reversal of timing differences	(34,775)	97,641
Tax expense in the income statement	<u>314,284</u>	<u>167,048</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>1,445,555</u>	<u>674,034</u>
Corporation tax at standard rate	274,655	128,066
Effect of expense not deductible in determining taxable profit (tax loss)	1,345	1,660
Tax increase from effect of capital allowances and depreciation	38,284	38,569
Tax decrease arising from group relief	-	(1,247)
Total tax charge	<u>314,284</u>	<u>167,048</u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2020	
Accelerated capital allowances	1,045,453
Deferred chargeable gains	26,671
	<u>1,072,124</u>
2019	
Accelerated capital allowances	1,080,229
Deferred chargeable gains	26,671
	<u>1,106,900</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2020	<u>210,855</u>	<u>210,855</u>
At 31 December 2020	<u>210,855</u>	<u>210,855</u>
Amortisation		
At 1 January 2020	<u>210,855</u>	<u>210,855</u>
At 31 December 2020	<u>210,855</u>	<u>210,855</u>
Carrying amount		
At 31 December 2020	<u>-</u>	<u>-</u>
At 31 December 2019	<u>-</u>	<u>-</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

13 Tangible assets

	Freehold Land and buildings £	Long leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £
Cost or valuation				
At 1 January 2020	8,318,116	7,119,977	13,053,796	64,290
Additions	11,673	-	9,486	-
Disposals	-	-	(8,125)	-
At 31 December 2020	<u>8,329,789</u>	<u>7,119,977</u>	<u>13,055,157</u>	<u>64,290</u>
Depreciation				
At 1 January 2020	471,167	176,400	4,408,652	60,640
Charge for the year	103,765	92,399	655,237	3,650
Eliminated on disposal	-	-	-	-
At 31 December 2020	<u>574,932</u>	<u>268,799</u>	<u>5,063,889</u>	<u>64,290</u>
Carrying amount				
At 31 December 2020	<u>7,754,857</u>	<u>6,851,178</u>	<u>7,991,268</u>	<u>-</u>
At 31 December 2019	<u>7,846,949</u>	<u>6,943,577</u>	<u>8,645,144</u>	<u>3,650</u>
		Computer equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2020		452,774	965,937	29,974,890
Additions		4,579	-	25,738
Disposals		-	(413,245)	(421,370)
At 31 December 2020		<u>457,353</u>	<u>552,692</u>	<u>29,579,258</u>
Depreciation				
At 1 January 2020		411,791	437,380	5,966,030
Charge for the year		23,437	123,883	1,002,371
Eliminated on disposal		-	(209,248)	(209,248)
At 31 December 2020		<u>435,228</u>	<u>352,015</u>	<u>6,759,153</u>
Carrying amount				
At 31 December 2020		<u>22,125</u>	<u>200,677</u>	<u>22,820,105</u>
At 31 December 2019		<u>40,983</u>	<u>528,557</u>	<u>24,008,860</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Included in freehold land and buildings is land at directors' valuation of £3,129,872 (2019 - £3,129,872) which is not depreciated. Included in long leasehold land and buildings is land at directors' valuation of £2,500,000 (2019 - £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:

	2020	2019
	£	£
Motor vehicles	186,200	426,015
Fixtures and fittings	2,630,560	2,641,166
	<u>2,816,760</u>	<u>3,067,181</u>

Restriction on title and pledged as security

Tangible fixed assets with a carrying amount of £6,448,000 (2019 - £6,532,000) have been pledged as security for the company's bank borrowings.

14 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	<u>448,326</u>	<u>367,913</u>

15 Debtors

	2020	2019
	£	£
Trade debtors	992,174	1,123,202
Other debtors	269,908	326,112
Prepayments and accrued income	277,577	344,418
Corporation tax	87,720	105,985
Total current trade and other debtors	<u>1,627,379</u>	<u>1,899,717</u>

16 Cash and cash equivalents

	2020	2019
	£	£
Cash on hand	280	307
Cash at bank	368,967	442,252
Short-term deposits	3,706,686	1,873,744
	<u>4,075,933</u>	<u>2,316,303</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

17 Creditors

	Note	2020 £	2019 £
Due within one year			
Loans and borrowings	21	924,300	993,432
Trade creditors		128,013	123,919
Amounts owed to group undertakings	24	13,881,156	13,973,005
Social security and other taxes		505,543	376,960
Other creditors		71,183	24,783
Accruals and deferred income		504,260	691,838
Corporation tax	11	381,559	120,172
		<u>16,396,014</u>	<u>16,304,109</u>
Due after one year			
Loans and borrowings	21	<u>4,220,752</u>	<u>5,030,202</u>

18 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2020	1,106,900	1,106,900
Increase (decrease) in existing provisions	<u>(34,776)</u>	<u>(34,776)</u>
At 31 December 2020	<u>1,072,124</u>	<u>1,072,124</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 £53,133 (2019 - £54,530).

Contributions totalling £9,699 (2019 - £11,219) 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

	2020		2019	
	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 2020

21 Loans and borrowings

	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	3,413,096	3,748,810
Hire purchase contracts	807,656	1,281,392
	<u>4,220,752</u>	<u>5,030,202</u>

	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	335,714	335,715
Hire purchase contracts	588,586	657,717
	<u>924,300</u>	<u>993,432</u>

The bank borrowings of £3,748,810 (2019 - £4,084,525) are secured by a legal charge over specific fixed assets of the company.

The hire purchase contracts of £1,396,242 (2019 - £1,939,109) are secured on the specific assets subject to the finance provided.

22 Obligations under leases and hire purchase contracts

Finance leases and hire purchase contracts

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	557,873	716,982
Later than one year and not later than five years	789,835	1,408,711
	<u>1,347,708</u>	<u>2,125,693</u>

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	658,000	658,000
Later than one year and not later than five years	2,192,000	2,302,000
Later than five years	8,676,667	9,224,667
	<u>11,526,667</u>	<u>12,184,667</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £658,000 (2019 - £658,000).

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

23 Dividends

	2020 £	2019 £
Interim dividend of £Nil (2019 - £62.50) per ordinary share	<u>-</u>	<u>13,000</u>

24 Related party transactions

Key management personnel

Key management personnel consists of 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 2.25%.

Transactions with directors

	At 1 January 2020 £	Advances to directors £	Repayments by directors £	At 31 December 2020 £
2020				
Loans to directors (interest rates 2.25%-2.5% and repayable on demand)	<u>326,108</u>	<u>250,329</u>	<u>(306,529)</u>	<u>269,908</u>
	At 1 January 2019 £	Advances to directors £	Repayments by directors £	At 31 December 2019 £
2019				
Loans to directors (interest rates 2.25%-2.5% and repayable on demand)	<u>169,908</u>	<u>256,200</u>	<u>(100,000)</u>	<u>326,108</u>

The Hill Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Expenditure with and payables to related parties

	Parent £	Key management £	Other group companies £
2020			
Interest payable on loans	-	38	-
Leases	-	110,000	-
	-	110,038	-
Amounts payable to related party	8,715,548	52,656	5,165,608
2019			
Interest payable on loans	-	198	-
Leases	-	110,000	-
	-	110,198	-
Amounts payable to related party	8,715,548	2,239	5,257,457

25 Parent and ultimate parent undertaking

The company's immediate parent is Motherwell Holdings Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Motherwell Holdings Limited.

The ultimate controlling party is A D Hill.