

Hill & Smith (Treasury) Limited

Registered number 6814150

Directors' report and Financial Statements
For the year ended 31 December 2011

WEDNESDAY



A28

A18378UJ

02/05/2012

#106

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the Financial Statements	2
Independent auditor's report to the members of Hill & Smith (Treasury) Limited	3
Profit and loss account	4
Balance sheet	5
Reconciliation of movements in shareholder's funds	6
Notes to the Financial Statements	7

Directors' report

The directors present their annual report and audited Financial Statements for the year ended 31 December 2011

Principal activity and Business Review

The Company's principal activity is the management of group treasury arrangements. Its results for the year are set out in the profit and loss account on page 4.

Dividends

No dividends were received during the year (2010 £nil). No dividends were paid during the year (2010 £nil).

Directors

The directors serving during the year and in the period to the date of this report were as follows:

D W Muir
M Pegler
J C Humphreys
J P Whitehouse

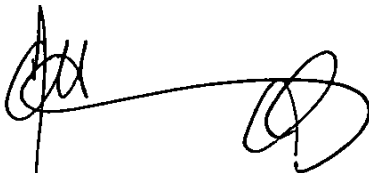
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



J C Humphreys
Secretary

26 April 2012

Westhaven House
Arleston Way
Shirley
Solihull
B90 4LH

Statement of directors' responsibilities in respect of the directors' report and Financial Statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Hill & Smith (Treasury) Limited

We have audited the financial statements of Hill & Smith (Treasury) Limited for the year ended 31 December 2011 set out on pages 4 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Matters on which we are required to report by exception

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.



M Steventon (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

26 April 2012

Profit and loss account
for the year ended 31 December 2011

	Note	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Administrative expenses		(375)	-
Operating profit/(loss)	2	(375)	-
Profit/(loss) on sale of fixed asset investments	3	-	-
Income from shares in subsidiary undertakings		-	-
Profit/(loss) on ordinary activities before interest and taxation		(375)	-
Interest receivable and similar income	5	1,311	501
Interest payable and similar charges	6	(1,300)	(469)
Profit/(loss) on ordinary activities before taxation		(364)	32
Taxation on profit/(loss) on ordinary activities	7	97	(9)
Profit/(loss) for the financial year		(267)	23

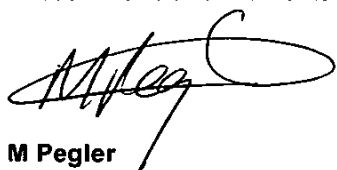
All operations are continuing

There were no recognised gains or losses during either the current or prior year apart from the result shown above

Balance sheet
as at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Investments	8	-	-
Current assets			
Debtors	9	650	972
Cash at bank and in hand		-	27
		<u>650</u>	<u>999</u>
Creditors Amounts falling due within one year	10	(877)	(959)
		<u></u>	<u></u>
Net current assets/(liabilities)		(227)	40
Creditors Amounts falling due after more than one year	11	-	-
		<u></u>	<u></u>
Net assets/(liabilities)		(227)	40
Capital and reserves			
Called up share capital	12	-	-
Share premium account	13	-	-
Capital redemption reserve	13	-	-
Other reserves	13	-	-
Profit and loss account	13	(227)	40
		<u></u>	<u></u>
Equity shareholder's funds		(227)	40
		<u></u>	<u></u>

These Financial Statements were approved by the board of directors and signed on their behalf by



M Pegler
 Director



D W Muir
 Director

Date 26 April 2012

Reconciliation of movements in shareholder's funds
for the year ended 31 December 2011

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Profit/(loss) for the financial year	(267)	23
Dividends paid	-	-
Exchange adjustments on translation of fixed asset investments	-	-
Exchange differences arising from applying the cover concept to foreign currency borrowings	-	-
	<hr/>	<hr/>
	(267)	23
Issue of share capital	-	-
Reclassification of share capital	-	-
	<hr/>	<hr/>
Net increase/(decrease) in shareholder's funds	(267)	23
Opening shareholder's funds	40	17
	<hr/>	<hr/>
Closing shareholder's funds	(227)	40
	<hr/>	<hr/>

Notes to the Financial Statements *(forming part of the Financial Statements)*

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements

Basis of accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable UK GAAP Accounting Standards

Going concern

The company's business activities are set out in the business review section of the directors' report on page 1

The company participates in the Group's centralised treasury and banking arrangements, along with its parent and certain fellow subsidiaries, as shown in note 14. However, the directors have no reason to believe that a material uncertainty exists for the Company since the directors of the Company's parent, Hill & Smith Holdings PLC, have already signed the Annual Report and Accounts for the same period on a going concern basis. The directors of the Company therefore have evidence of the Group's ability to continue in operational existence for the foreseeable future with its current banking arrangements. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated Financial Statements

Consolidation

In accordance with Section 400 of the Companies Act 2006, consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company incorporated in England and Wales, which has prepared consolidated Financial Statements to include the results of the Company

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less amounts written off for impairment. Investments are reviewed for impairment where events or circumstances indicate that their carrying value may not be recoverable.

Income tax

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at closing rates at the balance sheet date and the gains or losses on translation included in the Profit and Loss Account.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these Financial Statements for called up share capital and share premium account exclude amounts in relation to those shares.

Hedges of the net investment in a foreign entity

For hedges of the net investment in a foreign entity, the net investment hedge model within SSAP 20 ('the cover concept') is applied resulting in the carrying amount of the investments being adjusted for gains and losses attributable to foreign exchange risk, the foreign currency denominated borrowings being remeasured to year end exchange rates and gains and losses from both being taken to reserves.

Dividends

Dividends are recognised in the Financial Statements in the period in which they are approved by the Company's shareholders.

2 Operating profit/(loss)

Operating profit/(loss) is stated after (charging)/crediting

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Foreign exchange losses	-	-
Foreign exchange gains	-	-
	<u> </u>	<u> </u>

3 Sale of fixed asset investments

The Company did not dispose of any fixed asset investments in either the current or prior year.

4 Directors and employees

The Company had no employees during either the current or prior year and, as such, the aggregate payroll costs in both periods were £Nil.

Notes (continued)

5 Interest receivable and similar income

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Bank interest receivable	427	-
On loans to group undertakings	884	501
	<u>1,311</u>	<u>501</u>

6 Interest payable and similar charges

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
On bank loans and overdrafts	873	141
On loans from group undertakings	427	328
	<u>1,300</u>	<u>469</u>

7 Taxation on profit/(loss) on ordinary activities

Analysis of charge/(credit) in year

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
UK corporation tax		
Current tax on profit/(loss) for the year	(97)	9

Factors affecting tax charge/(credit) for the period

The effective current tax rate for the period is equal to (2010 equal to) the standard rate of corporation tax in the UK. The differences are explained below

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before taxation	(364)	32
Profit/(loss) on ordinary activities multiplied by the effective rate of corporation tax in the UK of 26.5% (2010 28%)	(97)	9
Non-deductible expenses	-	-
Non-deductible (profit)/loss on sale of investment	-	-
Non-taxable income	-	-
Non-taxable dividend income	-	-
Group relief surrendered for no receipt	-	-
Current tax charge/(credit)	<u>(97)</u>	<u>9</u>

Notes (continued)

7 Taxation on profit/(loss) on ordinary activities (continued)

On 23 March 2011, it was announced that the main rate of corporation tax in the UK would reduce to 26% from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. The legislation to reduce the tax rate to 25% from 1 April 2012 was substantively enacted on 5 July 2011. The deferred tax asset/liability provided at the balance sheet date has therefore been recalculated at 25% on the basis that it will materially reverse after 1 April 2012.

The Government announced in the Budget on 21 March 2012 that it intends to enact a reduction in the corporation tax rate to 24% with effect from 1 April 2012 which was substantively enacted on 26 March 2012, with future annual reductions of 1% to reach a corporation tax rate of 22% from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements. The effect of any such changes on deferred tax balances will be accounted for in the period in which any such changes are enacted.

8 Fixed asset investments

	Shares in subsidiary undertakings £000	Shares in fellow group undertakings £000	Total £000
Cost			
At beginning of year	-	-	-
Additions	-	-	-
Disposals (Note 3)	-	-	-
Transfers	-	-	-
Return of capital	-	-	-
Exchange movements	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
Provisions			
At beginning of year	-	-	-
Impairment	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
At beginning of year	-	-	-
	<hr/>	<hr/>	<hr/>

The Company has no investments

Notes (continued)

9 Debtors

	31 December 2011 £000	31 December 2010 £000
Amounts owed by group undertakings	555	972
Other debtors	95	-
	<u>650</u>	<u>972</u>

Intercompany loans included within amounts owed by group undertakings are unsecured. Interest is charged at an arm's length rate.

10 Creditors: amounts falling due within one year

	31 December 2011 £000	31 December 2010 £000
Bank overdrafts	332	-
Amounts owed to group undertakings	-	-
Accruals and deferred income	545	949
Corporation tax	-	10
Preference share capital	-	-
	<u>877</u>	<u>959</u>

Intercompany loans included within amounts owed to group undertakings are unsecured. Interest is charged at an arm's length rate.

11 Creditors: amounts falling due after more than one year

	31 December 2011 £000	31 December 2010 £000
Amounts owed to group undertakings	-	-

Intercompany loans included within amounts owed to group undertakings are unsecured. Interest is charged at an arm's length rate.

12 Share capital

	31 December 2011 £000	31 December 2010 £000
Allotted, called up and full paid		
<i>Equity</i>		
2 Ordinary shares of £1 each	-	-
Ordinary shares of \$1 each	-	-
Deferred Ordinary shares of £1 each	-	-
	<u>-</u>	<u>-</u>
<i>Non-Equity</i>		
Preference shares of £1 each	-	-
	<u>-</u>	<u>-</u>

No shares were issued during the year.

Notes (continued)

13 Reserves

	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000
At beginning of year	-	-	-	40
Profit/(loss) for the financial year	-	-	-	(267)
Dividends paid during the year	-	-	-	-
Issue of new share capital (Note 12)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	(227)
	<hr/>	<hr/>	<hr/>	<hr/>

14 Guarantees and commitments

The company is a party to cross guarantees given for bank loans and overdrafts of the ultimate parent company and certain fellow subsidiaries amounting to £127,590,000 (2010 £94,557,000). The Company has no other guarantees (2010 nil). The Company manages the treasury activities of the Hill & Smith Group using a number of interest rate swap agreements, fixing the interest rates on a proportion of the Group bank debt. As the Company is not required to adopt FRS 26 Financial Instruments Recognition and Measurement, the fair value of these agreements has not been recognised in these financial statements, representing a net unrealised gain for the year ended 31 December 2011 of £529,000 (2010 unrealised loss of £338,000) and a cumulative liability at 31 December 2011 of £446,000 (2010 £975,000).

15 Related party transactions

As an ultimately wholly owned subsidiary of Hill & Smith Holdings PLC, the Company has taken advantage of the exemption available under FRS 8 not to disclose transactions that have been made between the Company and other fellow subsidiaries of Hill & Smith Holdings PLC.

16 Post balance sheet events

There were no significant post balance sheet events.

17 Ultimate parent company

The Company's ultimate parent undertaking is Hill & Smith Holdings PLC, a company registered in England. Copies of the Group Financial Statements may be obtained from Group headquarters.

Westhaven House
 Arlestone Way
 Shirley
 Solihull
 B90 4LH