

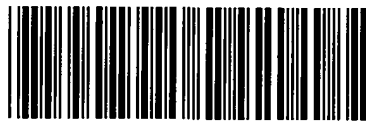
Hill & Smith (Treasury) Limited

Registered number 06814150

Annual report and Financial Statements

For the year ended 31 December 2014

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Strategic report

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 5.

The financial performance and position of the company are in line with the directors' expectations. The Group does not monitor risks and uncertainties or KPIs at the company level. These are, instead, monitored at a Group level.

By order of the Board



C A Henderson
Secretary

30 April 2015

Westhaven House
Arlestone Way
Shirley
Solihull
B90 4LH

Directors' report

The directors present their annual report and audited Financial Statements for the year ended 31 December 2014.

Dividends

No dividends were received during the year (2013: £nil). No dividends were paid during the year (2013: £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 (resigned 01 January 2015)
J P Whitehouse
C A Henderson (appointed 01 January 2015)

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



C A Henderson
Secretary

30 April 2015

Westhaven House
Arleston Way
Shirley
Solihull
B90 4LH

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

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 2014 set out on pages 5 to 14. 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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2014 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 Strategic Report and 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.



**Michael Steventon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

30 April 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Administrative expenses		-	-
Operating result	2	-	-
Profit/(loss) on sale of fixed asset investments	3	-	-
Income from shares in subsidiary undertakings		-	-
Result on ordinary activities before interest and taxation		-	-
Interest receivable and similar income	5	448	607
Interest payable and similar charges	6	(530)	(596)
(Loss)/profit on ordinary activities before taxation		(82)	11
Taxation on (loss)/profit on ordinary activities	7	18	(3)
(Loss)/profit for the financial year		(64)	8

All operations are continuing.

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

The notes on pages 8 to 14 form part of the financial statements.


Balance sheet
as at 31 December 2014

	Note	2014	2013
		£000	£000
Fixed assets			
Investments	8	-	-
Current assets			
Debtors	9	192	206
Cash at bank and in hand		-	-
		<u>192</u>	<u>206</u>
Creditors: Amounts falling due within one year	10	(472)	(422)
		<u></u>	<u></u>
Net current liabilities		(280)	(216)
Creditors: Amounts falling due after more than one year	11	-	-
		<u></u>	<u></u>
Net liabilities		(280)	(216)
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	12	-	-
Share premium account	13	-	-
Capital redemption reserve	13	-	-
Other reserves	13	-	-
Profit and loss account	13	(280)	(216)
		<u></u>	<u></u>
Equity shareholder's deficit		(280)	(216)
		<u></u>	<u></u>

The notes on pages 8 to 14 form part of the financial statements.

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


M Pegler
Director


D W Muir
Director

Date: 30 April 2015

Company No. 06814150

Reconciliation of movements in shareholder's funds
for the year ended 31 December 2014

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
(Loss)/profit for the financial year	(64)	8
Dividends paid	-	-
Exchange adjustments on translation of fixed asset investments	-	-
Exchange differences arising from applying the cover concept to foreign currency borrowings	-	-
	<hr/>	<hr/>
	(64)	8
Issue of share capital	-	-
Reclassification of share capital	-	-
	<hr/>	<hr/>
Net (decrease)/increase in shareholder's funds	(64)	8
Opening shareholder's deficit	(216)	(224)
	<hr/>	<hr/>
Closing shareholder's deficit	(280)	(216)
	<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 strategic report on page 1.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £280,000 which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Hill & Smith Holdings PLC, the company's ultimate parent undertaking. Hill & Smith Holdings PLC has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

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.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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.

Notes (continued)

2 Operating result

Operating result is stated after (charging)/crediting:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Foreign exchange losses	-	-
Foreign exchange gains	-	-
Auditor remuneration	-	-
	<hr/>	<hr/>

Fees paid to KPMG LLP and its associates for non-audit services to the company itself are not disclosed because Hill & Smith Holdings PLC Group accounts are required to disclose such fees on a consolidated basis. The audit fees attributable to the Company for the years ended 31 December 2014 and 31 December 2013 were borne by Hill & Smith Holdings PLC.

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.

5 Interest receivable and similar income

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Bank interest receivable	61	97
On loans to group undertakings	387	510
	<hr/>	<hr/>
	448	607
	<hr/>	<hr/>

6 Interest payable and similar charges

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
On bank loans and overdrafts	469	499
On loans from group undertakings	61	97
	<hr/>	<hr/>
	530	596
	<hr/>	<hr/>

Notes (continued)

7 Taxation on (loss)/profit on ordinary activities

Analysis of (credit)/charge in year

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
<i>UK corporation tax</i>		
Current tax on (loss)/profit for the year	(18)	3

Factors affecting tax (credit)/charge for the period

The effective current tax rate for the period is equal to (2013: *equal to*) the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before taxation	(82)	11
(Loss)/profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 21.50% (2013: 23.25%)	(18)	3
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 (credit)/charge	(18)	3

From 1 April 2014 the main rate of corporation tax in the UK reduced from 23% to 21%.

On 20 March 2013, the UK Government announced that the main rate of corporation tax in the UK would further reduce to 20% from 1 April 2015. These changes were substantively enacted on 2 July 2013.

Notes (continued)

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.

9 Debtors

	31 December 2014 £000	31 December 2013 £000
Amounts owed by group undertakings	176	206
Corporation tax	16	-
	<hr/>	<hr/>
	192	206
	<hr/>	<hr/>

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

Notes (continued)

10 Creditors: amounts falling due within one year

	31 December 2014 £000	31 December 2013 £000
Bank overdrafts	382	301
Amounts owed to group undertakings	-	-
Accruals and deferred income	90	117
Corporation tax	-	4
Preference share capital	-	-
	<u>472</u>	<u>422</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 2014 £000	31 December 2013 £000
Amounts owed to group undertakings	-	-
	<u>-</u>	<u>-</u>

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 2014 £000	31 December 2013 £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>
	<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	-	-	-	(216)
Loss for the financial year	-	-	-	(64)
Dividends paid during the year	-	-	-	-
Issue of new share capital (Note 12)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	(280)
	<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 £118,759,000 (2013: £116,292,000). The Company has no other guarantees (2013: 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 2014 of £263,000 (2013: unrealised gain of £424,000) and a cumulative liability at 31 December 2014 of £324,000 (2013: £587,000).

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 immediate and 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
Arleston Way
Shirley
Solihull
B90 4LH