

HILL & SMITH (AMERICAS) LIMITED

Registered number 07269581

Annual Report and Financial Statements
For the year ended 31 December 2017



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Strategic report

Principal activity and Business Review

The Company's principal activity is that of an intermediate holding company. Its results for the year are set out in the profit and loss account on page 6.

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 for intermediate holding companies. These are, instead, monitored at a Group level.

By order of the Board



C A Henderson
Secretary

Westhaven House
Arleston Way
Shirley
Solihull
B90 4LH

5 June 2018

Directors' Report

The Directors present their Report and audited Financial Statements for the year ended 31 December 2017.

Dividends

Dividends of \$9,300,000 were received during the year (2016: \$20,000,000). Dividends of \$96,590,000 were paid during the year (2016: \$59,233,000).

Directors

The Directors serving during the year and in the period up to the date of this Report were as follows:

D W Muir
M Pegler
J P Whitehouse
C A Henderson

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Employees

The Company has no employees.

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

5 June 2018

Westhaven House
Arleston Way
Shirley
Solihull
West Midlands
B90 4LH

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, 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), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 (Americas) Limited

Opinion

We have audited the Financial Statements of Hill & Smith (Americas) Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the members of Hill & Smith (Americas) Limited (continued)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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 Cawthray (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

5 June 2018

Profit and Loss Account
for the year ended 31 December 2017

	Note	31 December 2017 \$000	31 December 2016 \$000
Administrative expenses		(1)	-
Operating (loss) / result		(1)	-
Income from shares in subsidiary undertakings		9,300	20,000
Profit before interest and taxation		9,299	20,000
Interest receivable	4	11,949	17,590
Interest payable and similar charges	5	(3,658)	(6,058)
Profit before taxation	2	17,590	31,532
Taxation on profit	6	(1,159)	(1,653)
Profit for the financial year		16,431	29,879

Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Taxation on other comprehensive income	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	16,431	29,879

All operations are continuing.

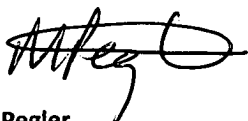
The notes on pages 9 to 16 form part of the Financial Statements.

Balance Sheet
as at 31 December 2017

	Note	2017 \$000	2016 \$000
Fixed assets			
Investments	7	253,603	169,013
Current assets			
Debtors	8	117,000	200,652
Cash at bank and in hand		1,277	-
		<u>118,277</u>	<u>200,652</u>
Creditors: Amounts falling due within one year	9	<u>(85,540)</u>	<u>(4,166)</u>
Net current assets		32,737	196,486
Creditors: Amounts falling due after more than one year	10	(66,938)	(65,938)
		<u>219,402</u>	<u>299,561</u>
Net assets			
Capital and reserves			
Called up share capital	11	12,787	12,787
Share premium account		137,209	137,209
Profit and loss account		69,406	149,565
Shareholder's funds		<u>219,402</u>	<u>299,561</u>

The notes on pages 9 to 16 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

5 June 2018

Company No. 07269581

Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital \$000	Share premium account \$000	Profit and loss account \$000	Total equity \$000
Balance at 1 January 2016	12,787	137,209	178,919	328,915
Comprehensive income				
Profit for the year	-	-	29,879	29,879
Other comprehensive income for the year	-	-	-	-
Transactions with owners recognised directly in equity				
Dividends	-	-	(59,233)	(59,233)
At 31 December 2016	12,787	137,209	149,565	299,561
Comprehensive income				
Profit for the year	-	-	16,431	16,431
Other comprehensive income for the year	-	-	-	-
Transactions with owners recognised directly in equity				
Dividends	-	-	(96,590)	(96,590)
At 31 December 2017	12,787	137,209	69,406	219,402

Notes

(forming part of the Financial Statements)

1 Accounting policies

The following accounting policies have been applied consistently in the current and prior period in dealing with items which are considered material in relation to the Company's Financial Statements.

Basis of preparation

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The presentational and functional currency of these financial statements is US dollars.

The Company's ultimate parent undertaking, Hill & Smith Holdings PLC includes the Company in its Consolidated Financial Statements. The Consolidated Financial Statements of Hill & Smith Holdings PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Group Headquarters (see note 15).

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the Consolidated Financial Statements of Hill & Smith Holdings PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Notes (continued)

1 Accounting policies (continued)

Measurement convention

The Financial Statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale, investment property and liabilities for cash-settled share-based payments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic 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 12. 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.

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, 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.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Profit and Loss Account. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the Profit and Loss Account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Dividends

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

2 Profit before taxation

	2017 £000	2016 £000
Profit before taxation is stated		
<i>after charging:</i>		
Foreign exchange loss	1	-
	<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 2017 and 31 December 2016 are incidental to the Company and were borne by Hill & Smith Holdings PLC.

Notes (continued)

3 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. The remuneration of the Directors are paid by another Hill & Smith Holdings PLC group company as their services to the Company are incidental to their services provided to other Hill & Smith Holdings PLC group companies.

4 Interest receivable and similar income

	2017 \$000	2016 \$000
On loans to group undertakings	11,949	17,590
	<u>11,949</u>	<u>17,590</u>

5 Interest payable and similar charges

	2017 \$000	2016 \$000
On bank loans and overdrafts	1,554	877
On loans from group undertakings	2,104	5,181
	<u>3,658</u>	<u>6,058</u>

6 Taxation on profit

Analysis of charge in year

	2017 \$000	2016 \$000
<i>UK corporation tax</i>		
Current tax for the year	1,159	2,306
Relating to the prior year	-	(653)
	<u>1,159</u>	<u>1,653</u>

Notes (continued)

6 Taxation on profit (continued)

Factors affecting tax charge for the year

The effective current tax rate for the year is the lower (2016: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2017 \$000	2016 \$000
<i>Total tax reconciliation</i>		
Profit before taxation	17,590	31,532
Profit multiplied by the effective rate of corporation tax in the UK of 19.25% (2016: 20%)	3,386	6,306
Non-taxable dividend income	(1,790)	(4,000)
Transfer pricing compensating adjustment	(696)	-
Foreign exchange loss on tax charge	259	
Prior period adjustments	-	(653)
Total tax charge	1,159	1,653

The UK Budget on 16 March 2016 included a rate reduction to 17% from 1 April 2020 which was enacted during the prior year. Deferred tax balances have therefore been calculated at 17% (2016: 17%) on the basis that these balances will materially reverse after 1 April 2020.

7 Fixed asset investments

	Shares in subsidiary undertakings \$000
<i>Cost</i>	
At 1 January 2017	169,013
Additions	84,590
At 31 December 2017	253,603
<i>Provisions</i>	
At 1 January 2017 and at 31 December 2017	-
<i>Net book value</i>	
At 31 December 2017	253,603
At 31 December 2016	169,013

On 24 May 2017 the Company subscribed for 100% of the shares issued by a newly incorporated fellow subsidiary company, Hill & Smith (Americas) 2 Limited, for consideration of \$84,590,000.

At the year end, the Company holds 100% of the issued share capital of Hill & Smith (Americas) 2 Limited, a company incorporated in Great Britain whose principal activity is that of an intermediate holding company; and 100% of the issued share capital of Hill & Smith Group Holdings Inc., a company incorporated in the USA whose principal activity is that of an intermediate holding company (see note 17).

Notes (continued)

8 Debtors

	2017	2016
	\$000	\$000
Amounts owed by group undertakings	117,000	196,340
Fair value derivatives	-	4,312
	<u>117,000</u>	<u>200,652</u>

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

9 Creditors: amounts falling due within one year

	2017	2016
	\$000	\$000
Bank loans and overdrafts	-	496
Amounts owed to group undertakings	84,590	1,561
Accruals and deferred income	9	8
Corporation tax	941	2,101
	<u>85,540</u>	<u>4,166</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 after more than one year

	2017	2016
	\$000	\$000
Bank loans	66,938	65,938
	<u>66,938</u>	<u>65,938</u>

Bank loans, which are due between 2 and 5 years, are unsecured and bear interest at a rate of 1.05% above LIBOR subject to a ratchet as described in the facility agreement.

Notes (continued)

11 Called up share capital

	2017 \$000	2016 \$000
Allotted, called up and fully paid		
12,787,765 (2016: 12,787,765) ordinary shares of \$1 each	12,787	12,787
	<hr/>	<hr/>
	12,787	12,787
	<hr/>	<hr/>

12 Contingent liabilities

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 \$121,641,000 (2016: \$128,003,000).

The Company has no other guarantees (2016: \$nil).

13 Dividends

	2017 \$000	2016 \$000
Aggregate amount of dividends paid in the financial year	96,590	59,233
	<hr/>	<hr/>

14 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 101 not to disclose transactions that have been made between the Company and other fellow subsidiaries of Hill & Smith Holdings PLC.

15 Ultimate parent company

The Company's immediate parent undertaking is Hill & Smith Overseas Limited.

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
Arleston Way
Shirley
Solihull
B90 4LH

16 Post Balance Sheet events

On 3 May 2018, the Company subscribed for 100% of the shares issued by a newly incorporated fellow subsidiary company, Hill & Smith (International) Limited. On the same date, the Company sold its investment in Hill & Smith (Americas) 2 Limited to a fellow subsidiary, Hill & Smith (International) Limited, for book value.

Notes (continued)

17 Subsidiaries

Incorporated in the UK

Hill & Smith (Americas) 2 Limited ^{(H)*}

Hill & Smith (USA) Limited ^(H)

Registered office address:

Westhaven House, Arleston Way, Shirley, Solihull, B90 4LH

Incorporated in the USA

Bergen Pipe Supports, Inc

Carpenter & Paterson, Inc

Creative Pultrusions, Inc

CPK Manufacturing LLC

Hill & Smith Group Holdings, Inc ^{(H)*}

Hill & Smith Holdings LLC ^(H)

Hill & Smith, Inc.

Novia Associates, Inc.

Registered office address:

c/o The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware 19801

V&S Amboy Galvanizing LLC

V&S Columbus Galvanizing LLC

V&S Delaware Galvanizing LLC

V&S Detroit Galvanizing LLC

V&S Lebanon Galvanizing LLC

V&S Memphis Galvanizing LLC

V&S Schuler Engineering, Inc.

V&S Schuler Tubular Products LLC

V&S Taunton Galvanizing, LLC

Voigt & Schweitzer LLC ^(H)

Registered office address:

987 Buckeye Park Road, Columbus, Ohio, 43207

^(H) – Holding Company

* - Directly held by Hill & Smith (Americas) Limited

All of the listed subsidiaries have a year-end date of 31 December. The results of all of the listed subsidiaries are included in the consolidated results of Hill & Smith Holdings PLC, the Company's ultimate parent undertaking. The Company holds 100% of the share capital of the businesses, either directly or indirectly.