

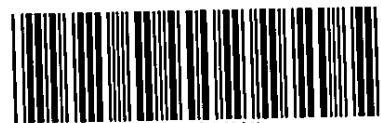
Hills Waste Solutions Limited

**Directors' Report and financial
statements**

Registered number 571289

30 April 2013

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Directors' report

The directors present their report and the financial statements of the company for the year ended 30 April 2013

Principal activities

The company's principal activity during the year was that of waste management, collection and disposal. Recycling constitutes a significant part of waste management activity.

Review of business

This business continues to perform satisfactorily as we further migrate up the waste hierarchy and reduce our dependence on landfill as a disposal option.

The contracts with Wiltshire council form a significant part of the business and are working well. The commissioning of the Northacre Resource Recovery centre MBT plant is complete but has been delayed and final certification and contract commencement is now expected in November 2013. There is no reason to believe that plant performance will be significantly different to plan and we look forward to receiving the first revenues from this project after what has been a long gestation period, some 8 years from tender to commencement.

The company is currently awaiting the outcome of a planning application to modernise the company's existing recycling plant at Lower Compton that is due to be considered by Wiltshire council in November.

Planning permission for a new recyclables management facility and waste transfer station at Mills Way in Amesbury was granted in April 2012 and the site opened in February 2013. The facility is the new hub for collection of household waste and recycling materials from the south of Wiltshire.

We are just commencing the process of re-bidding for the remainder of the Wiltshire council waste contract not included in the MBT or Lakeside contracts which will be mainly for the collection and recycling process. This will crystallise in July 2016 when the original contracts come to an end.

Performance in the year under review was reasonably encouraging given the economic backdrop. We believe the future for waste management remains positive and we are committed to deliver the change that is necessary to position the business to take advantage of the opportunities that will arise. We believe that we will be able to develop a realistic plan that will deliver growth of our business without excessive risk, and at the same time deliver value to our shareholder.

Financial review

The profit for the year, after taxation, was £3,552,000 (2012 £3,091,000). Turnover increased in the year by 3% to £56,824,000 (2012 increased by 4% to £54,919,000).

Dividend

During the year a dividend of £5,000,000 (2012 £2,500,000) was paid to The Hills Group Limited, the parent company and sole shareholder of the company. The directors do not recommend a final dividend.

Directors' report *(continued)*

Future developments and research and development

The company continues to research the application of alternative technologies in its operations to divert waste from landfill and also to generate energy from waste. Expenditure on research and development of future business opportunities in the year amounted to £185,000 (2012 £330,000)

Risk management

The company's principal financial instruments comprise cash, bank borrowings, and capital financing, the main purpose of which is to provide finance for its normal operations. The main risks arising from its financial instruments are interest rates risk and liquidity risk. In addition the company has an exposure to exchange rate fluctuations due to the purchase of some equipment in Euros. The directors are satisfied that the company has sufficient resources to continue the operational activities of the business despite the continued uncertain economic outlook.

The company is also exposed to other risks and other uncertainties including those associated with the impact of its operations on the environment and Government environmental policy and regulations and Government planning policy. The directors monitor and take actions to mitigate these risks and minimise their impact.

Environment

The group's environmental policy is available from the company's website at www.hills-group.co.uk. The company's environmental management system is externally certified to international standard ISO 14001.

Directors

The following individuals served as directors during the year:

AG Pardoe
MP Hill
MR Webster
AR Knowles

Political and charitable donations

During the year, the company made no political contributions (2012 £nil) and no charitable donations (2012 £nil).

Employee involvement

The company continues to keep its employees informed on matters affecting them as employees by way of its award winning Intouch magazine. Staff notices, emails, company website and meetings are used to communicate immediate issues with employees. The group operates an employee engagement programme "Move to improve" that actively seeks and rewards employees for submitting business improvement ideas for consideration by senior management.

The group's employment practices and policies ensure that job applicants and all employees are treated in an equal and fair manner. Wherever possible, efforts are made to provide appropriate facilities and conditions of service to meet the work place requirements of all employees' including those with special needs or disability. Where an employee becomes disabled whilst employed by the group, arrangements are made, wherever possible, to retrain them in order to enable them to perform a job identified as appropriate to their aptitude and abilities.

The health and safety of all employees is given paramount importance by the company and the Company's Health and Safety Management System has been certified to OHSAS18001.

Directors' report *(continued)*

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 re-appointed and KPMG LLP will therefore continue in office

By order of the board



MP Hill
Director

Ailesbury Court
High Street
Marlborough
Wiltshire

24 October

2013

Statement of directors' responsibilities in respect of the Directors' Report and the 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 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,
- 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 Hills Waste Solutions Limited

We have audited the financial statements of Hills Waste Solutions Limited for the year ended 30 April 2013 set out on pages 7 to 20. 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 4, 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 website 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 30 April 2013 and of its profit 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.

Independent auditor's report to the members of Hills Waste Solutions Limited
(continued)

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



Andrew Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

30 October

2013

Profit and Loss Account
for the year ended 30 April 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	2	56,824	54,919
Cost of sales		(44,081)	(42,428)
Gross profit		12,743	12,491
Distribution costs		(3,209)	(3,217)
Administrative expenses		(4,632)	(4,632)
Other operating income		132	132
Operating profit	3	5,034	4,774
Interest receivable and similar income	6	2	45
Interest payable and similar charges	7	(306)	(85)
Profit on ordinary activities before taxation		4,730	4,734
Tax on profit on ordinary activities	8	(1,178)	(1,643)
Profit for the financial year	17	3,552	3,091

All amounts relate to continuing activities

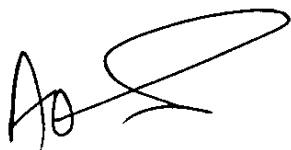
The company has no recognised gains or losses other than those set out above in either the current or prior year and therefore no separate statement of total recognised gains and losses has been prepared

Balance Sheet
at 30 April 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	9	31,521	19,487
Current assets			
Stocks	10	149	95
Debtors	11	20,293	20,206
Cash at bank and in hand		174	846
		<u>20,616</u>	<u>21,147</u>
Creditors: amounts falling due within one year	12	<u>(12,997)</u>	<u>(11,594)</u>
Net current assets		<u>7,619</u>	<u>9,553</u>
Total assets less current liabilities		<u>39,140</u>	<u>29,040</u>
Creditors amounts falling due after more than one year	13	(13,021)	(2,426)
Provision for liabilities and charges	15	(5,893)	(4,940)
Net assets		<u>20,226</u>	<u>21,674</u>
Capital and reserves			
Called up share capital	16	10	10
Profit and loss account	17	20,216	21,664
Shareholder's funds	19	<u>20,226</u>	<u>21,674</u>

The notes on pages 9 to 20 form an integral part of these financial statements

These financial statements were approved by the board of directors on 24 October 2013 and were signed on its behalf by



AR Knowles
Director

Notes

(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 company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

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

As the company is a wholly owned subsidiary of Hills UK Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the group. The consolidated financial statements of Hills UK Limited can be obtained from the address given in note 24

Going concern

The directors have prepared the financial statements on a going concern basis for the following reasons. The directors have reviewed the cash flow forecasts for the company for the foreseeable future and, taking account of reasonably possible changes in trading, are satisfied that the company will be able to settle their liabilities as they fall due for payment and continue in operation for a period of at least twelve months from the date of signing of these financial statements

Landfill tax

Landfill tax is included within both turnover and cost of sales

Tangible fixed assets and depreciation

Land and buildings includes freehold land, landfill sites, and freehold buildings thereon. The company has applied the transitional rules contained in FRS 15 to retain previous valuations on the basis of which certain of these assets are held

Freehold land is not depreciated. The cost less residual value of landfill sites is depreciated over the estimated life of the site on the basis of the usage of the void space

The cost of landfill sites includes acquisition and commissioning costs, engineering works, and the discounted cost of the final site restoration and post-closure aftercare costs

Cost includes directly attributable finance costs

Depreciation is provided by the company to write off the cost less estimated residual value of other tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Plant and machinery	-	over 5 to 25 years
Fixtures and fittings	-	over 3 to 5 years
Motor vehicles	-	over 4 to 5 years

Freehold buildings on landfill sites are depreciated over the life of that site

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value

Taxation

The charge for taxation is based on the profit 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 by the balance sheet date, except as otherwise required by FRS19

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over the shorter of the lease term and their useful economic lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Research and development

Expenditure on research and development is written off to the profit and loss account as it is incurred.

Post retirement benefits

The company is a member of Hills UK Limited's defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as permitted by FRS 17, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Further details of the specific accounting treatment adopted are set out in note 22.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Provisions for restoration and aftercare costs

The expected costs of the restoration and aftercare of landfill sites are recognised as provisions when the obligations arise

Where the time value of money is material, the amount of the provision is discounted to present value. The discount rate used was 4.5% (2012: 4.5%). The unwinding of the discount is included within cost of sales.

Tangible fixed assets are created for an amount equal to the capital element of the provision with the remainder being expensed through the profit and loss account. The capital elements are recognised as additions to the original assets in land and buildings. The fixed assets are charged to the profit and loss account on the basis described above in "Fixed assets and depreciation" for landfill sites. Costs are then charged to the provisions as incurred.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Turnover and segmental reporting

Turnover represents the amounts (excluding value added tax) derived from the sale of waste management services. Turnover is recognised on provision of waste management services.

The whole of the turnover and profit on ordinary activities before taxation derives from operations within the United Kingdom.

3 Operating profit

This is stated after charging/(crediting)

	2013 £000	2012 £000
Depreciation of owned fixed assets	1,201	1,846
Depreciation of assets held under finance leases and hire purchase contracts	1,310	1,127
Hire of plant and machinery - rentals payable under operating lease	230	193
Hire of other assets - rentals payable under operating lease	498	475
Research and development	185	330
Profit on sale of fixed assets	(132)	(132)
Auditor's remuneration - audit of these financial statements	28	19

Amounts receivable by the company's auditor and their associates in respect of services to the company and its associates, other than the audit of the company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent.

Notes (continued)

4 Directors' emoluments

	2013 £000	2012 £000
Emoluments	260	245
Highest paid director Emoluments	153	144
Accrued retirement benefits from defined benefit pension schemes	36	33
	189	177

Number of directors accruing benefits in company pension schemes

	2013 No.	2012 No.
Defined benefit schemes	3	3

5 Staff costs

The aggregate payroll costs of the persons employed by the company in the year (including directors) were as follows

	2013 £000	2012 £000
Wages and salaries	7,031	7,136
Social security costs	649	662
Pension costs	489	722
	8,169	8,520

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

	2013 No.	2012 No.
Site based employees	234	236
Administration and sales staff	51	50
	285	286

Notes (continued)

6 Interest receivable and similar income

	2013 £000	2012 £000
Other interest	2	45

7 Interest payable and similar charges

	2013 £000	2012 £000
Bank loan and overdrafts	181	-
Interest on finance leases and hire purchase contracts	125	85
	<u>306</u>	<u>85</u>

8 Taxation

	2013 £000	2012 £000
Analysis of charge in the year		
Current tax		
UK corporation tax on profits of the year	931	1,488
Adjustments in respect of previous years	(245)	-
Total current tax	<u>686</u>	<u>1,488</u>
Deferred tax		
Origination and reversal of timing differences	323	159
Adjustments in respect of previous years	169	14
Effect of tax rate change on opening balance	-	(18)
Total deferred tax	<u>492</u>	<u>155</u>
Tax on profit on ordinary activities	<u>1,178</u>	<u>1,643</u>

Notes (continued)

8 Taxation (continued)

Factors affecting tax charge for the year

The current tax charge for the period is lower (2012 higher) than the standard rate of corporation tax in the UK
The differences are explained below

	2013 £000	2012 £000
Profit on ordinary activities before tax	4,729	4,734
Standard rate of corporation tax in the UK 23.92 % (2012 25.84%)	23.92%	25.84%
Profit on ordinary activities multiplied by the standard rate of corporation tax	1,131	1,223
<i>Effects of</i>		
Expenses not deductible for tax purposes	1	436
Income not taxable for tax purposes	(38)	(185)
Capital allowances for period exceeded by depreciation	(359)	-
Fixed asset differences	141	-
Adjustment to brought forward values	(15)	-
Other timing differences	70	14
Adjustments to tax charge in respect of previous periods	(245)	-
Current tax charge for period	686	1,488

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 April 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

Notes (continued)

9 Tangible fixed assets

	Motor vehicles £000	Land and buildings £000	Furniture and fittings £000	Plant and machinery £000	Total £000
Cost					
At 1 May 2012	4,000	24,334	606	14,405	43,345
Additions	25	13,352	300	1,034	14,711
Disposals	(488)	-	(268)	(370)	(1,126)
At 30 April 2013	3,537	37,686	638	15,069	56,930
Depreciation					
At 1 May 2012	3,102	9,236	405	11,115	23,858
Charge for the year	382	859	74	1,196	2,511
On disposals	(488)	-	(102)	(370)	(960)
At 30 April 2013	2,996	10,095	377	11,941	25,409
Net book value					
At 30 April 2013	541	27,591	261	3,128	31,521
At 30 April 2012	898	15,098	201	3,290	19,487
Land and buildings		Cost or valuation 2013 £000	Net book value 2013 £000	Cost or valuation 2012 £000	Net book Value 2012 £000
Freehold land and buildings		34,316	26,874	21,020	14,120
Short leasehold land and buildings		3,370	717	3,314	978
		37,686	27,591	24,334	15,098
				2013 £	2012 £
Net book value of plant and machinery included in fixed assets held under finance leases and hire purchase contracts				2,711	3,669

The depreciation charged in the year for the assets held under finance leases was £1,310,000 (2012 £1,127,000)

Included within land and buildings is a cost of £3,401,000 (2012 £3,398,000) and associated accumulated depreciation of £2,826,000 (2012 £2,603,000) relating to the restoration asset which represents the discounted cost of the final site restoration and post-closure aftercare costs

Notes (continued)

10 Stocks

	2013 £000	2012 £000
Consumables	149	95

The difference between purchase price or production cost of stocks and their replacement cost is not material

11 Debtors

	2013 £000	2012 £000
Trade debtors	5,772	7,527
Amounts owed by group undertakings	9,782	8,581
Prepayments and accrued income	4,739	4,098
	<u>20,293</u>	<u>20,206</u>

All debtors are due within one year

12 Creditors, amounts falling due within one year

	2013 £000	2012 £000
Bank loans and overdrafts	1,388	-
Obligations under finance leases and hire purchase contracts (see note 14)	979	1,225
Trade creditors	1,327	2,419
Corporation tax	747	832
Other taxes and social security costs	6,072	5,200
Accruals and deferred income	2,484	1,918
	<u>12,997</u>	<u>11,593</u>

13 Creditors: amounts falling due after one year

	2013 £000	2012 £000
Bank loans	11,040	-
Obligations under finance lease and hire purchase contracts (see note 14)	1,981	2,426
	<u>13,021</u>	<u>2,426</u>

Notes (continued)

14 Obligations under finance leases and hire purchase contracts

The maturity of obligations under finance leases and hire purchase contracts is as follows

	2013 £000	2012 £000
Amounts payable		
Within one to two years	805	1,225
In the second to fifth years	1,176	2,426
	<u>1,981</u>	<u>3,651</u>

15 Provisions for liabilities

	Deferred taxation 2013 £000	Site restoration and aftercare 2013 £000	Total 2013 £000
At 1 May 2012	373	4,567	4,940
Charge to the profit and loss account for the year	492	508	1,000
Amounts used	-	(88)	(88)
Changes to the discounted amount	-	41	41
	<u>865</u>	<u>5,028</u>	<u>5,893</u>
At 30 April 2013	865	5,028	5,893

The elements of deferred taxation are as follows

	2013 £000	2012 £000
Accelerated capital allowances	865	373
	<u>865</u>	<u>373</u>
Provision for deferred tax	<u>865</u>	<u>373</u>

The timing of the expected cash flows of the site restoration and aftercare provision are estimated on a site by site basis over the period covering the operational life of the site, its full restoration when completed, and the continuing 60 year aftercare period following restoration. The amounts and timing of the expected outflows are uncertain due to the projection of costs over this period of time.

The restoration and aftercare provision has been discounted using an annual discount rate of 4.5% (2012: 4.5%).

The provision for deferred taxation has not been discounted.

Notes (continued)

16 Share capital

	2013 £000	2012 £000
<i>Allotted, called up and fully paid</i>		
20,000 (2012 20,000) ordinary shares of 50p each	10	10

17 Profit and loss account

	2013 £000
At beginning of year	21,664
Profit for the financial year	3,552
Dividends on shares classified as shareholder's funds	(5,000)
At end of year	20,216

18 Dividends

	2013 £000	2012 £000
Dividends for which the company became liable during the year		
Dividends paid	5,000	2,500

19 Reconciliation of movement in shareholder's funds

	2013 £000	2012 £000
At 1 May	21,674	21,084
Profit for the financial year	3,552	3,091
Dividends on shares classified as shareholder's funds	(5,000)	(2,500)
At end of the year	20,226	21,674

Notes (continued)

20

21 Capital commitments

	2013 £000	2012 £000
Amounts contracted for but not provided in the accounts	1,404	12,135

22 Other financial commitments

	Other 2013 £000	Other 2012 £000
Operating leases which expire		
Within one year	8	72
In the second to fifth years	217	116
	<u>225</u>	<u>188</u>

23 Pensions

Defined contribution scheme

Employees are eligible to be members of the group's defined contribution pension scheme. The assets of the scheme are held separately from those of the group and the company in independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period and amounted to £197,000 (2012 £185,000). An accrual of £16,000 has been made for these charges as at 30 April 2013 (2012 £16,000).

Defined benefit pension scheme

Other employees and four directors are members of the parent company (Hills UK Limited's) defined benefit pension scheme (2012 four directors). The assets of the scheme are held separately from those of the company and group. Three directors (2012 three directors) accrue benefits in the defined benefit scheme.

Notes (continued)

22 Pensions (continued)

Defined benefit pension scheme (contributed)

The most recent valuation of the scheme at 1 July 2011 has been updated by the actuary on an FRS17 basis on 30 April 2013 and the previous valuation at 1 July 2009 had been updated on 30 April 2012

Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17, the scheme is accounted for by this company as if the scheme was a defined contribution scheme with the full requirements of FRS17 being adopted in the consolidated financial statements of the parent company, Hills UK Limited, which can be obtained from the address given in note 24

As at the 30 April 2013 the assets of the scheme were £ 20,883,000 (2012 £18,593,000) and the liabilities were £23,046,000 (2012 £19,637,000) producing a deficit of £2,163,000 (2012 £1,044,000) as valued in the FRS17 report produced by the Scheme's actuary, Scottish Widows plc

The assets and liabilities of the scheme are not able to be attributed to the current trading companies in the Hills UK group as they include significant amounts which relate to dormant or disposed subsidiaries as well as the actively trading subsidiaries

The profit and loss charge for the defined benefit scheme is £291,000 (2012 £537,000)

Other Schemes

In addition to the above scheme, the company also contributes to the personal pension schemes of certain employees. The amounts charged against profits represent the contributions payable to the schemes in respect of the accounting period and amounted to £1,000 (2012 £4,000)

The total profit and loss charge for all the above schemes is £489,000 (2012 £722,000)

24 Contingent liabilities

The company has an unlimited composite guarantee over the borrowing facilities of Hills UK Limited, The Hills Group Limited, Hills Quarry Products Limited, Hills Property Limited, Hills Homes Developments Limited, County Homes (Wessex) Limited and Hills (West Midlands) Limited

25 Ultimate parent undertaking

The company is a subsidiary undertaking of The Hills Group Limited which in turn is a wholly owned subsidiary of Hills UK Limited which is registered in England and Wales. The largest and smallest group in which these results are included is headed by Hills UK Limited. The consolidated financial statements are available to the public and may be obtained from

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High Street
Marlborough
Wiltshire
SN8 1AA