

Hills Waste Solutions Limited

**Directors' report and financial
statements**

Registered number 571289

30 April 2010

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Directors' report

The directors present their report and the financial statements of the company for the year ended 30 April 2010

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

Change and innovation continues to dominate the future of the waste business as the company seeks to reposition the business from primarily collection and landfill to recycling and treatment. The company is currently concentrating on treatment options that produce fuel derived from waste and in the near future will look to consider development of in-house energy facilities. This movement is clearly driven by landfill taxation which is forecast to be £80 per tonne by 2014.

Performance in the year under review was very good given the economic backdrop and profits were slightly ahead of the same period last year. The directors recognise that to achieve the company's objectives the business will need to invest considerable funds in new process facilities and this will inevitably result in a movement towards partnership working.

The company had hoped to finalise the contract for provision of a MBT facility with Wiltshire Council during the year but this project has proceeded more slowly than hoped. However contracts are now very close to agreement and it is hoped that the contract will be signed in 2010 and construction commenced.

A number of other projects are under consideration at the present time including

- A new transfer facility to complement our Lakeside processing contract,
- Plans for a fuel preparation facility at our Compton Bassett site,
- An expansion of our waste collection activities into new areas, and
- New composting and recycling facilities.

The company believes the future for waste management remains very positive and is committed to deliver the change that is necessary to position the business to take advantage of the opportunities that will arise. Clearly funding of new developments is a challenging issue in the current financial climate, however the directors believe that the company will be able to develop a realistic plan that will deliver growth of the business without excessive risk, and at the same time deliver value to its shareholder.

Financial review

The profit for the year, after taxation, increased by 1% to £3,425,000 (2009 decreased by 20% to £3,393,000). Turnover increased by 5% to £47,961,000 (2009 increased by 6% to £45,566,000).

Dividend

During the year a dividend of £10,000,000 (2009 £Nil) was paid to The Hills Group Limited, the parent company and sole shareholder of the company. The directors do not recommend a final dividend.

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 in the year amounted to £274,000 (2009 £295,000).

Directors' report *(continued)*

Risk management

The company's principal financial instruments comprise cash, bank borrowings, capital financing and loans between group undertakings, the main purpose of which is to provide finance for its normal operations. The main risk arising from its financial instruments are interest rates risk and liquidity risk. The directors are satisfied that the company has sufficient resources to continue the operational activities of the business.

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. 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. During the year the company's environmental management system was externally certified to international standard ISO 14001. The company has undertaken an energy efficiency audit and will consider implementing energy efficiency improvements identified where economically viable.

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 (2009: £Nil) and no charitable contributions (2009: £Nil).

Employee involvement

The company continues to keep its employees informed on matters affecting them as employees by way of a thrice yearly publication called Intouch. Staff notices, emails and meetings are used to communicate immediate issues with employees.

It is the group's policy to treat job applicants and employees in the same way regardless of their sex, ethnic origin, religion, age, sexual orientation or disability. Wherever possible, efforts are made to identify and remove barriers and provide appropriate facilities and conditions of service to meet the special needs of disadvantaged and under-represented groups. 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 during the year the Group's Health and Safety Management System was reviewed and updated. The Hills Group have appointed independent auditors to undertake annual reviews of the company's Health and Safety Management System to ensure compliance with the system and current health and safety legislation.

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.

Directors' report *(continued)*

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors 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

18th November 2010

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 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 auditors' 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 2010 set out on pages 7 to 21. 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 Part 3 of Chapter 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 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 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/UKNP.

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 2010 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 matters 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 auditors' 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



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

14 November 2010

Profit and Loss Account
for the year ended 30 April 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	2	47,961	45,566
Cost of sales		(35,557)	(31,910)
Gross profit		12,404	13,656
Distribution costs		(2,845)	(3,469)
Administrative expenses		(4,683)	(5,258)
Other operating income		93	156
Operating profit	3	4,969	5,085
Interest receivable and similar income	6	37	4
Interest payable and similar charges	7	(79)	(207)
Profit on ordinary activities before taxation		4,927	4,882
Tax on profit on ordinary activities	8	(1,502)	(1,489)
Profit for the financial year	17	3,425	3,393

All amounts relate to continuing activities

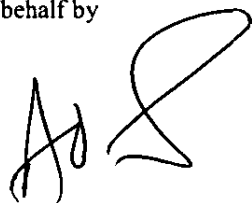
The company has no recognised gains or losses other than those set out above in either the current or prior year and therefore no separate statement of total recognised gains and losses has been prepared

Balance Sheet
at 30 April 2010

	<i>Note</i>	2010	2009
		£000	£000
Fixed assets			
Tangible assets	9	13,232	13,188
Current assets			
Stocks	10	93	101
Debtors	11	24,396	29,051
Cash at bank and in hand		645	53
		<u>25,134</u>	<u>29,205</u>
Creditors amounts falling due within one year	12	(11,473)	(8,807)
Net current assets		<u>13,661</u>	<u>20,398</u>
Total assets		<u>26,893</u>	<u>33,586</u>
Creditors: amounts falling due after more than one year	13	(2,056)	(2,752)
Provision for liabilities and charges	15	(4,298)	(3,720)
Net assets		<u>20,539</u>	<u>27,114</u>
Capital and reserves			
Called up share capital	16	10	10
Profit and loss account	17	20,529	27,104
Shareholders' funds	19	<u>20,539</u>	<u>27,114</u>

The notes on pages 9 to 21 form part of these financial statements

These financial statements were approved by the board of directors on 18th November 2010 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

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

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 entities which form part of the group

The consolidated financial statements of Hills UK Limited can be obtained from the address given in note 25

Landfill tax

Landfill tax is included within both turnover and cost of sales

Fixed assets and depreciation

Land and buildings includes freehold land, landfill sites, and freehold buildings thereon

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

Notes *(continued)*

1 **Accounting policies** *(continued)*

Fixed assets and depreciation *(continued)*

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 10 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

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.

Notes (continued)

1 Accounting policies (continued)

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 group and company in an independently administered fund. 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 required by FRS 17 'Retirement benefits', 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.

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% (2009: 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.

Notes (continued)

3 Operating profit

This is stated after charging/(crediting)

	2010 £000	2009 £
Depreciation of owned fixed assets	1,419	1,220
Depreciation of assets held under finance leases and hire purchase contracts	1,363	1,391
Hire of plant and machinery - rentals payable under operating lease	239	392
Hire of other assets - rentals payable under operating lease	208	241
Auditors' remuneration audit of these financial statements	28	32
Profit on sale of fixed assets	(94)	(157)

Amounts receivable by the company's auditors 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

4 Directors' emoluments

	2010 £000	2009 £000
Emoluments	255	256
Highest paid director Emoluments	149	150
Highest paid director Accrued retirement benefits from defined benefit pension schemes	30	27

Number of directors accruing benefits in company pension schemes

	2010 No	2009 No
Defined benefit schemes	3	3

Notes (continued)

5 Staff costs

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

	2010 £000	2009 £000
Wages and salaries	6,641	6,617
Social security costs	605	614
Pension costs	659	224
Pension related insurance costs	-	39
	<u>7,905</u>	<u>7,494</u>

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

	2010 No.	2009 No.
Site based employees	218	242
Administration and sales staff	48	36
	<u>266</u>	<u>278</u>

6 Interest receivable and similar income

	2010 £000	2009 £000
Other interest	37	4
	<u>37</u>	<u>4</u>

7 Interest payable and similar charges

	2010 £000	2009 £000
Bank loans and overdrafts	-	7
Interest on finance leases and hire purchase contracts	79	200
	<u>79</u>	<u>207</u>

Notes (continued)

8 Taxation

	2010 £000	2009 £000
Analysis of charge in the year		
Current tax		
UK corporation tax on profits of the year	1,556	1,514
Adjustments in respect of previous years	12	(4)
Total current tax	1,568	1,510
Deferred tax		
Origination and reversal of timing differences	(47)	(8)
Adjustments in respect of previous years	(19)	(13)
Total deferred tax	(66)	(21)
Tax on profit on ordinary activities	1,502	1,489

Factors affecting tax charge for the year

The current tax charge for the period is higher (2009 higher) than the standard rate of corporation tax in the UK
The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	4,927	4,883
Standard rate of corporation tax in the UK	28%	28%
Profit on ordinary activities multiplied by the standard rate of corporation tax	1,380	1,367
<i>Effects of</i>		
Expenses not deductible for tax purposes	74	79
Capital allowances for period exceeded by depreciation	104	68
Other timing differences	(1)	(1)
Adjustments to tax charge in respect of previous periods	11	(3)
Current tax charge for period	1,568	1,510

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 27 June 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly.

If the rate change from 28% to 27% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset recognised at that date by £6,000. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax assets accordingly.

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 2009	4,584	15,164	299	11,717	31,764
Additions	308	1,795	24	770	2,897
Disposals	(917)	(285)	-	(104)	(1,306)
At 30 April 2010	3,975	16,674	323	12,383	33,355
Depreciation					
At 1 May 2009	3,109	6,812	263	8,392	18,576
Charge for the year	531	1,104	34	1,113	2,782
On disposals	(846)	(285)	-	(104)	(1,235)
At 30 April 2010	2,794	7,631	297	9,401	20,123
Net book value					
At 30 April 2010	1,181	9,043	26	2,982	13,232
At 30 April 2009	1,475	8,352	36	3,325	13,188
		Cost or valuation 2010 £000	Net book value 2010 £000	Cost or valuation 2009 £000	Net book Value 2009 £000
Land and buildings					
Freehold land and buildings		13,562	7,730	12,215	6,862
Short leasehold land and buildings		3,112	1,312	2,949	1,490
		16,674	9,042	15,164	8,352
				2010 £	2009 £
Net book value of plant and machinery included in fixed assets held under finance leases and hire purchase contracts				3,054	3,900

The depreciation charged in the year for the assets held under finance leases was £1,363,000 (2009 £1,391,000)

Included within land and buildings is a cost of £3,218,000 (2009 £2,791,000) and associated accumulated depreciation of £2,414,000 (2009 £2,126,000) relating to the restoration asset which represents the discounted cost of the final site restoration and post-closure aftercare costs

Notes (continued)

10 Stocks

	2010 £000	2009 £000
Consumables	93	101

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

11 Debtors

	2010 £000	2009 £000
Trade debtors	7,859	7,563
Amounts owed by group undertakings	13,129	18,576
Prepayments and accrued income	3,408	2,912
	<u>24,396</u>	<u>29,051</u>

All debtors are due within one year

12 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Obligations under finance leases and hire purchase contracts (see note 14)	1,162	1,275
Trade creditors	1,180	1,034
Corporation tax	962	989
Other taxes and social security costs	5,861	3,580
Accruals and deferred income	2,308	1,929
	<u>11,473</u>	<u>8,807</u>

13 Creditors: amounts falling due after one year

	2010 £000	2009 £000
Obligations under finance lease and hire purchase contracts (see note 14)	<u>2,056</u>	<u>2,752</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

	2010 £000	2009 £000
Amounts payable		
Within one year	1,162	1,275
In the second to fifth years	971	2,572
Over five years	1,085	-
	<u>3,218</u>	<u>4,027</u>

15 Provisions for liabilities

	Deferred taxation 2010 £000	Site restoration and aftercare 2010 £000	Total 2010 £000
At 1 May 2009	240	3,480	3,720
Charge/(credit) to the profit and loss account for the year	(66)	713	647
Amounts used	-	(107)	(107)
Changes to the discounted amount	-	38	38
	<u>174</u>	<u>4,124</u>	<u>4,298</u>
At 30 April 2010	174	4,124	4,298

The elements of deferred taxation are as follows

	2010 £000	2009 £000
Accelerated capital allowances	179	245
Other timing differences	(5)	(5)
	<u>174</u>	<u>240</u>
Provision for deferred tax	174	240

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% (2009 4.5%).
 The provision for deferred taxation has not been discounted.

Notes (continued)

16 Share capital

	2010 £000	2009 £000
<i>Allotted, called up and fully paid</i>		
20,000 (2009 20,000) ordinary shares of 50p each	10	10

17 Profit and loss account

	2010 £000	2009 £000
At beginning of year		27,104
Profit for the financial year		3,425
Dividends on shares classified as shareholders' funds		(10,000)
At end of year		20,529

18 Dividends

	2010 £000	2009 £000
Dividends for which the company became liable during the year		
Dividends paid	10,000	-

19 Reconciliation of movement in shareholders' funds

	2010 £000	2009 £000
Profit for the financial year	3,425	3,393
Dividends on shares classified as shareholders' funds	(10,000)	-
Net addition to shareholders' funds	(6,575)	3,393
Opening shareholders' funds	27,114	23,721
At end of the year	20,539	27,114

Notes (continued)

20 Capital commitments

	2010 £000	2009 £000
Amounts contracted for but not provided in the accounts	651	487

21 Other financial commitments

	Land and buildings 2010 £000	Land and buildings 2009 £000	Other 2010 £000	Other 2009 £000
Operating leases which expire				
Within one year	-	-	3	10
In the second to fifth years	-	-	206	49
In over five years	64	-		
	<u>64</u>	<u>-</u>	<u>209</u>	<u>59</u>

22 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 an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period and amounted to £80,000 (2009 £67,000). An accrual of £7,000 has been made for these charges as at 30 April 2010 (2009 £6,000).

Defined benefit pension scheme

Other employees and four directors are members of the parent company (Hills UK Limited's) defined benefit pension scheme (2009 four directors). The assets of the scheme are held separately from those of the company and group. Three directors (2009 three directors) accrue benefits in the defined benefit scheme.

Under FRS17 'Retirement benefits' the current service cost and net finance charge is charged to the group consolidated profit and loss account, with the actuarial gain or loss on the schemes investments being shown in the statement of total recognised gains and losses.

Notes (continued)

22 Pensions (continued)

Defined benefit pension scheme (contributed)

The most recent valuation of the scheme at 1 July 2007 has been updated by the actuary on an FRS17 basis on 30 April 2010 and 30 April 2009

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 25

As at the 30 April 2010 the assets of the scheme were £15,724,000 (2009 £12,209,000) and the liabilities were £21,661,000 (2009 £13,569,000) producing a deficit of £5,937,000 (2009 £1,360,000) 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 above schemes is £575,000 (2009 £153,000)

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 £4,000 (2009 £4,000)

The total profit and loss charge for the above schemes is £659,000 (2009 £224,000)

23 Transfer of trade and assets

In the prior year, the entire trade and assets of the minerals extraction business of the company were transferred to Hills Quarry Products Limited, a company within the Hills UK Limited group of companies, on 1 May 2008. The net assets transferred were as follows

	2008 £000
Tangible fixed assets	5,826
Working capital	(661)
Provisions	(1,120)
	<hr/>
Net book value of assets and liabilities transferred	4,045
Consideration paid	(4,045)
	<hr/>
Profit on transfer of assets and liabilities	-
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Also on 1st May 2008, Information Technology fixed assets were transferred to The Hills Group Limited, the parent company of Hills Waste Solutions limited and a company within the Hills UK limited group of companies. The fixed assets transferred were assets with a group wide application and they were transferred at their net book value of £111,496

Notes *(continued)*

24 Contingent liabilities

The company has an unlimited composite guarantee over the borrowing facilities of Hills UK Limited, Hills Quarry Products Limited, Hills Property Limited, Kingshill 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, and is controlled by, 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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