

**Hills Waste Solutions Limited**  
**Annual report and financial statements**  
**Registered number 571289**  
**30 April 2015**

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## **Strategic report**

### **Principal activities**

The company operates two landfill sites, a commercial waste collection fleet and a recycling business. It manages three Wiltshire Council contracts with a Mechanical Biological Treatment (MBT) plant (also known as the Northacre Resource Recovery Centre or NRRC), transfers stations, Household Recycling Centres, and facilities for the sorting and segregation of waste. The company also earns revenues from the production of electricity using landfill gas extracted from its sites.

### **Financial review**

The profit for the year, after taxation, was £2,532,000 (2014: £4,153,000). Turnover decreased in the year by 4% to £56,732,000 (2014: increased by 4% to £59,245,000).

### **Business review**

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

The long term contracts with Wiltshire council form a significant part of the business and are working well. The Northacre Resource Recovery Centre continues to perform well and is achieving its non-landfill targets. We have agreement to increase the throughput at this facility in the near term and this will help the NRRC exceed its originally planned performance.

The process of re-bidding for the remainder of the Wiltshire waste operations not included in the NRRC or Lakeside contracts, which is mainly for the collection and recycling process, was completed in December 2014 but the contract award of all 5 lots has not yet been finalized. However I am pleased to report that of the 3 lots awarded to date that Hills were the successful bidder.

The problems with our planning application at the Lower Compton site to retain and extend the Material Recovery Facility continue. Despite the application being submitted to the planning committee with a recommendation from the council planning department for approval, it was refused and will now be subject to appeal to the Planning Inspectorate

We have continued to evaluate the economics of an energy project to compliment the NRRC plant at Westbury and provide treatment for some of our commercial waste streams. This project will also take some time to come fruition but we hope that the development timeframe will enable it come on stream within a five year horizon.

Due to a contraction in the world economy, the year saw a significant decline in the prices obtained for recyclable materials and combined with the insolvency of a significant re-processor in the waste paper market this contributed to a standstill in the underlying performance of the company. We do not expect any significant recovery in recycle prices in the short term.

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 shareholders.

The strategy to replace the reducing landfill income will see the business invest in further technology to convert waste into fuel and generate energy.

### **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. Expenditure on research and development of future business opportunities in the year, including payroll costs of relevant staff, amounted to £300,000 (2014: £190,000).

## Strategic report (continued)

### 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.

The principle risk and uncertainty facing the company in the long term is the increasingly challenging environment for securing new planning consents.

### Environment and Quality Assurance

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

The company operates a quality management system that is externally certified to international standard ISO 9001.

### Corporate Social Responsibility

The company is committed to continual improvement and sets responsible targets for its operations in areas including environmental impact, service quality, and health and safety. The performance of the company against these targets are published in an annual business performance review which is published on the company's website.

### 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.

By order of the board



**MP Hill**  
Director

30 September 2015

Wiltshire House  
County Park Business Centre  
Shrivenham Road  
Swindon  
Wiltshire  
SN1 2NR

## **Directors' report**

The directors present their report and the financial statements of the company for the year ended 30 April 2015.

### **Dividend**

During the year a dividend of £2,000,000 (2014: £5,000,000) 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**

The following individuals served as directors during the year:

AG Pardoe  
MP Hill  
MR Webster  
AR Knowles

### **Political donations**

During the year, the company made no political contributions (2014: £nil).

### **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*

30 September 2015

Wiltshire House  
County Park Business Centre  
Shrivenham Road  
Swindon  
Wiltshire  
SN1 2NR

## **Statement of directors' responsibilities in respect of Strategic Report, the directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- make 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 2015 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](http://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 2015 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 Strategic Report and 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.



**Huw Brown (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

5th October 2015



**Profit and Loss Account**  
*for the year ended 30 April 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	2014 £000
<b>Turnover</b>	2	<b>56,732</b>	59,245
Cost of sales		<b>(44,027)</b>	(45,065)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>12,705</b>	14,180
Distribution costs		<b>(2,919)</b>	(3,117)
Administrative expenses		<b>(6,139)</b>	(5,065)
Other operating income		<b>53</b>	46
		<hr/>	<hr/>
<b>Operating profit</b>	3	<b>3,700</b>	6,044
Interest receivable and similar income	6	<b>3</b>	4
Interest payable and similar charges	7	<b>(411)</b>	(403)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>3,292</b>	5,645
Tax on profit on ordinary activities	8	<b>(760)</b>	(1,492)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	17	<b>2,532</b>	4,153
		<hr/> <hr/>	<hr/> <hr/>

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.

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

**Balance Sheet**  
*at 30 April 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	<b>£000</b>	<b>2014</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	9		<b>32,391</b>		33,356
			<b>32,391</b>		33,356
<b>Current assets</b>					
Stocks	10	<b>376</b>		142	
Debtors	11	<b>14,946</b>		18,336	
Cash at bank and in hand		<b>42</b>		196	
		<b>15,364</b>		18,674	
<b>Creditors: amounts falling due within one year</b>	12	<b>(12,312)</b>		(15,125)	
<b>Net current assets</b>			<b>3,052</b>		3,549
<b>Total assets less current liabilities</b>			<b>35,443</b>		36,905
<b>Creditors: amounts falling due after more than one year</b>	13		<b>(9,058)</b>		(10,889)
<b>Provision for liabilities and charges</b>	15		<b>(6,474)</b>		(6,637)
<b>Net assets</b>			<b>19,911</b>		19,379
<b>Capital and reserves</b>					
Called up share capital	16		<b>10</b>		10
Profit and loss account	17		<b>19,901</b>		19,369
<b>Shareholders' funds</b>	19		<b>19,911</b>		19,379

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 30/9 2015 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 its 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.

Also included in tangible assets are development assets which represent the costs incurred in bringing individual development projects to the consented stage. Directly attributable costs, including attributable labour and overhead costs, planning application costs and environmental impact studies costs over the land in respect of which the interest is held are capitalised only if there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be exceeded by related future sales and adequate resources exist to enable the project to be completed.

#### ***Stocks***

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

Notes (*continued*)

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

### ***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.

### ***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% (2014: 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.

Notes (*continued*)

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

***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):

	<b>2015</b>	2014
	<b>£000</b>	£000
Depreciation of owned fixed assets	<b>2,221</b>	1,425
Depreciation of assets held under finance leases and hire purchase contracts	<b>1,094</b>	1,051
Hire of plant and machinery - rentals payable under operating lease	<b>336</b>	248
Hire of other assets - rentals payable under operating lease	<b>589</b>	575
Research and development	<b>300</b>	190
Profit on sale of fixed assets	<b>(53)</b>	(46)
Auditor's remuneration: audit of these financial statements	<b>28</b>	28
	<hr/> <hr/>	<hr/> <hr/>

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

	2015 £000	2014 £000
Emoluments	266	258
	<u>266</u>	<u>258</u>
Highest paid director:		
Emoluments	157	150
Accrued retirement benefits from defined benefit pension schemes	40	38
	<u>197</u>	<u>188</u>

Number of directors accruing benefits in company pension schemes:

	2015 No.	2014 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:

	2015 £000	2014 £000
Wages and salaries	7,740	7,560
Social security costs	773	692
Pension costs	785	579
	<u>9,298</u>	<u>8,831</u>

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

	2015 No.	2014 No.
Site based employees	239	244
Administration and sales staff	59	49
	<u>298</u>	<u>293</u>

Company average including directors

Notes (*continued*)

**6 Interest receivable and similar income**

	2015 £000	2014 £000
Other interest	3	4

**7 Interest payable and similar charges**

	2015 £000	2014 £000
Bank loan and overdrafts	285	281
Interest on finance leases and hire purchase contracts	126	122
	<u>411</u>	<u>403</u>

**8 Taxation**

	2015 £000	2014 £000
<b>Analysis of charge in the year</b>		
Current tax:		
UK corporation tax on profits of the year	691	1,161
Adjustments in respect of previous years	15	(1)
Total current tax	<u>706</u>	<u>1,160</u>
Deferred tax:		
Origination and reversal of timing differences	194	449
Adjustments in respect of previous years	(140)	(5)
Effect of tax rate change on opening balance	-	(112)
Total deferred tax	<u>54</u>	<u>332</u>
Tax on profit on ordinary activities	<u>760</u>	<u>1,492</u>

Notes (*continued*)

## 8 Taxation (*continued*)

### Factors affecting tax charge for the year

The current tax charge for the period is higher (*2014: lower*) than the standard rate of corporation tax in the UK. The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	3,292	5,645
Standard rate of corporation tax in the UK 20.92% ( <i>2014: 22.84%</i> )	20.92%	22.84%
Profit on ordinary activities multiplied by the standard rate of corporation tax	688	1,289
<i>Effects of:</i>		
Expenses not deductible for tax purposes	44	4
Income not taxable for tax purposes	(21)	(35)
Capital allowances for period exceeded by depreciation	(203)	(513)
Fixed asset differences	143	383
Adjustment to brought forward values	40	(33)
Other timing differences	-	66
Adjustments to tax charge in respect of previous periods	15	(1)
Current tax charge for period	706	1,160

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 30 April 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.



Notes (*continued*)

## 9 Tangible fixed assets

	Motor vehicles	Land and buildings	Furniture and fittings	Plant and machinery	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 May 2014	3,471	31,615	693	25,126	60,905
Additions	1,542	531	17	424	2,514
Disposals	(452)	(164)	-	(164)	(780)
At 30 April 2015	4,561	31,982	710	25,386	62,639
<b>Depreciation</b>					
At 1 May 2014	3,163	10,942	458	12,986	27,549
Charge for the year	281	1,373	90	1,571	3,315
On disposals	(452)	-	-	(164)	(616)
At 30 April 2015	2,992	12,315	548	14,393	30,248
<b>Net book value</b>					
At 30 April 2015	1,569	19,667	162	10,993	32,391
At 30 April 2014	307	20,673	235	12,141	33,356

	Cost or valuation	Net book value	Cost or valuation	Net book Value
	2015 £000	2015 £000	2014 £000	2014 £000
<b>Land and buildings</b>				
Freehold land and buildings	28,711	19,422	28,106	20,240
Short leasehold land and buildings	3,271	245	3,508	433
	31,982	19,667	31,614	20,673

	2015 £000	2014 £000
Net book value of plant and machinery included in fixed assets held under finance leases and hire purchase contracts	2,659	2,463

The depreciation charged in the year for the assets held under finance leases was £1,094,000 (2014: £1,051,000).

Included within land and buildings is a cost of £3,447,000 (2014: £3,354,000) and associated accumulated depreciation of £2,874,000 (2014: £2,760,000) relating to the restoration asset which represents the discounted cost of the final site restoration and post-closure aftercare costs.

Notes (*continued*)

**10 Stocks**

	<b>2015</b>	2014
	<b>£000</b>	£000
Consumables	<b>376</b>	142
	<b>376</b>	142

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

**11 Debtors**

	<b>2015</b>	2014
	<b>£000</b>	£000
Trade debtors	<b>6,320</b>	8,374
Amounts owed by group undertakings	<b>6,805</b>	7,536
Prepayments and accrued income	<b>1,821</b>	2,426
	<b>14,946</b>	18,336

All debtors are due within one year.

**12 Creditors: amounts falling due within one year**

	<b>2015</b>	2014
	<b>£000</b>	£000
Bank loans and overdrafts	<b>1,989</b>	2,358
Obligations under finance leases and hire purchase contracts (see note 14)	<b>1,058</b>	926
Trade creditors	<b>1,691</b>	1,645
Corporation tax	<b>607</b>	769
Other taxes and social security costs	<b>4,596</b>	5,796
Accruals and deferred income	<b>2,371</b>	3,631
	<b>12,312</b>	15,125

Notes (continued)

### 13 Creditors: amounts falling due after one year

	2015 £000	2014 £000
Bank loans	7,200	9,120
Obligations under finance lease and hire purchase contracts (see note 14)	1,858	1,769
	<u>9,058</u>	<u>10,889</u>

### 14 Obligations under finance leases and hire purchase contracts

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

	2015 £000	2014 £000
Amounts payable:		
Within one year	1,058	926
In one to two years	931	814
In the third to fifth years	927	955
	<u>2,916</u>	<u>2,695</u>

### 15 Provisions for liabilities

	Deferred taxation	Site restoration and aftercare	Total
	2015 £000	2015 £000	2015 £000
At 1 May 2014	1,197	5,440	6,637
Charge to the profit and loss account for the year	54	376	430
Amounts used	-	(640)	(640)
Changes to the discounted amount	-	47	47
<b>At 30 April 2015</b>	<u><b>1,251</b></u>	<u><b>5,223</b></u>	<u><b>6,474</b></u>

The elements of deferred taxation are as follows:

	2015 £000	2014 £000
Accelerated capital allowances	1,251	1,197
Provision for deferred tax	<u>1,251</u>	<u>1,197</u>

The provision for deferred taxation has not been discounted.

Notes (*continued*)

**15 Provisions for liabilities (*continued*)**

*Site restoration and aftercare*

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% (2014: 4.5%).

**16 Share capital**

	<b>2015</b>	2014
	<b>£000</b>	£000
<i>Allotted, called up and fully paid</i>		
20,000 (2014: 20,000) ordinary shares of 50p each	<u>10</u>	<u>10</u>

**17 Profit and loss account**

	<b>2015</b>
	<b>£000</b>
At beginning of year	19,369
Profit for the financial year	2,532
Dividends on shares classified as shareholders' funds	(2,000)
<b>At end of year</b>	<u><b>19,901</b></u>

**18 Dividends**

	<b>2015</b>	2014
	<b>£000</b>	£000
Dividends for which the company became liable during the year:		
Dividends paid	<u>2,000</u>	<u>5,000</u>

Notes *(continued)*

**19 Reconciliation of movement in shareholders' funds**

	<b>2015</b>	2014
	<b>£000</b>	£000
At 1 May	<b>19,379</b>	20,226
Profit for the financial year	<b>2,532</b>	4,153
Dividends on shares classified as shareholders' funds	<b>(2,000)</b>	(5,000)
<b>At end of the year</b>	<b>19,911</b>	19,379

**20 Capital commitments**

	<b>2015</b>	2014
	<b>£000</b>	£000
Amounts contracted for but not provided in the accounts	<b>387</b>	586

**21 Other financial commitments**

	<b>Other</b>	Other
	<b>2015</b>	2014
	<b>£000</b>	£000
Operating leases which expire:		
Within one year	<b>22</b>	114
In the second to fifth years	<b>266</b>	79
In over five years	<b>-</b>	51
	<b>288</b>	244

Notes (continued)

## 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 independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period and amounted to £295,000 (2014: £230,000). An accrual of £25,000 has been made for these charges as at 30 April 2015 (2014: £24,000).

### *Defined benefit pension scheme*

Other employees and four directors are members of the parent company (Hills UK Limited's) defined benefit pension scheme (2014: four directors). The assets of the scheme are held separately from those of the company and group. Three directors (2014: Three directors) accrue benefits in the defined benefit scheme.

The most recent valuation of the scheme at 1 July 2011 has been updated by the actuary on an FRS17 basis on 30 April 2015 and on the 30 April 2014.

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 2015 the assets of the scheme were £24,035,000 (2014: £21,337,000) and the liabilities were £25,374,000 (2014: £23,212,000) producing a deficit of £1,339,000 (2014: £1,875,000) as valued in the FRS17 report produced by the Scheme's actuary, Scottish Widows plc.

The profit and loss charge for the defined benefit scheme is £490,000 (2014: £349,000).

The total profit and loss charge for both the above schemes is £785,000 (2014: £579,000).

## 23 Cross guarantee

The company is part of 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, Northacre Renewable Energy Limited and Hills (West Midlands) Limited.

## 24 Ultimate parent undertakings

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:

Wiltshire House  
County Park Business Centre  
Shrivenham Road  
Swindon  
Wiltshire  
SN1 2NR