Hills Waste Solutions Limited

Annual report and financial statements

Registered number 00571289

30 April 2021

Contents

Strategic report

Principal activities

The company's principal activities are the provision of waste management services to both the private and public sector. The company manages five municipal waste contracts on behalf of Wiltshire Council including treatment of non-recyclable household waste at the Northacre Resource Recovery Centre (which diverts waste from landfill and creates a fuel that can be used to generate energy in power plants), two Household Recycling Centres (HRC's), a mixed recycling sorting facility at Sands Farm, Calne, and a residual landfill contract. The company also operates a commercial waste collection fleet, facilities for the sorting and segregation of commercial waste and two landfill sites.

Financial review

The profit for the year, after taxation, was £1,340,000 *(2020: £1,710000)*. Turnover decreased in the year by 1% to £51,625,000 *(2020: decreased by 6% to £52,120,000)*. Gross profit margin reduced in the year by 3% to 18% *(2020: remained constant at 21%)*.

The major difference to the overall company balance sheet as at 30 April 2021 compared to that at 30 April 2020 is an increase in net current assets of £3,903,000 and a reduction in Fixed assets of £2,492,000. The increase in net current assets is principally due to an increase in the amount owed by Group Companies. The Group policy of conserving cash during the year has kept capital expenditure to a minimum in the year with the result that the Depreciation charges of £3,784,000 have led to this reduction over the year.

The company paid a dividend to The Hills Group Limited, its parent company of £750,000 during the year (*2020: £750,000*) so that the retained earnings of the company at 30 April 2021 of £23,327,000 are £590,000 more than the previous year.

We are expecting profits in the 2021/22 year to be similar to the year being reported.

Business review

Wiltshire Council Contracts

The year was a very challenging one for the waste collection and recycling operations, with higher than expected levels of household waste being received and a change in the composition of recyclate collected from residents. A significant increase in amounts of glass and cardboard being received has led to very difficult operational issues in the processing of recyclate at our Sands Farm plant.

We have managed to maintain the services throughout the year without any significant interruptions, despite the many difficulties of operating under Covid safe protocols. Costs to provide these services have however been higher than expected.

The new material recycling plant based in Sands Farm, Calne, in addition to the additional cost and restrictions imposed by the Covid safe protocols mentioned above, also continued to experience problems caused by the volume and composition of the waste collected and the plant struggled to achieve the contracted levels of throughput. After several amendments to the plant configuration the plant commissioning period has now ended and we have formally accepted the plant. With some recently agreed revisions to operating hours we are now in a position to process the collected material under the Lot 1 Contract more efficiently.

Our other contracts with Wiltshire Council continue to perform well, Northacre Resource Recovery Centre, the mechanical and biological treatment facility, performed well and remained fully operational throughout the lockdown period. The contract diverting waste from landfill to generate electricity at the Lakeside energy from waste facility continues to see a regular profit performance.

Waste Disposal

The Landfill business continues to operate at similar levels to the recent past. Despite a reduction of volumes during the lockdown period the business continues to be a very useful contributor to profitability.

The latest planning application for the Waste to Energy project gained approval from Wiltshire Council in June 2021 and is now awaiting a decision from the Secretary of State as to whether it will be called in for review. We hope to have a decision from the Secretary of State in the autumn and then await regulatory approval from the Environment Agency before proceeding with our investment partners.

Strategic report *(continued)*

Waste Collection

The commercial waste collection business has continued to show improvement during the year, with further reductions in cost and reassessment of markets. Unfortunately, the business was adversely affected when many of its customers were shut down in the various lockdowns endured during the year. We expect to continue to make improvements going forward and look forward to this business contributing to overall profitability over the medium term.

Summary

The waste management business continues to experience challenging times at present, with new contracts and projects taking up a significant amount of management time and resources. Profitability, whilst lower than we would have liked, has been mainly affected by the Wiltshire recycling contract. Despite this, profitability in the current year is increased from 2019/20 levels and should return to a more normalized level to the current year. I am hopeful over the medium that we will see a continued growth in profits from this business.

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 £144,000 *(2020: £740,000)*. This expenditure was in relation to the Westbury waste to energy project mentioned above and has been carried forward in Other Debtors as it is due to be reimbursed on financial close of the project.

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. Where the company is exposed to the European supply chain we are looking at contingency planning to minimise our exposure to potential disruption from a disorderly exit from the European Union. 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. The directors monitor and take actions to mitigate these risks and minimise their impact.

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

The company also recognises the increasing exposure posed by cyber risk as our management systems and customer interface increasingly moves onto online and electronic platforms. The company currently holds Cyberessential+ accreditation and has also appointed specialist advisors to help manage this risk and data security.

In response to the pandemic the company quickly respond to the developing situation and a committee group of selected managers and professional specialists was convened with delegated powers from the Group Board. The committee met virtually throughout the height of the pandemic on a regular basis with the remit to approve and implement policy changes in accordance with Government guidance and to maintain business continuity. This committee continues to meet, but on a less regular basis, as we move to post -pandemic way of life.

Strategic report *(continued)*

Risk management (*continued*)

Covid-19

The risks associated with the Covid-19 virus for the company can be grouped into two categories. Firstly there are risks associated with reduced trade as lockdown restrictions are imposed. In the initial lockdown period this impacted on the waste received from the retail and hospitality sector which saw waste collection volumes fall as much as 60% for a short period before recovering steadily to the point where we are now with volumes almost back to normal but the likelihood of a second wave of the virus growing. However, this time around the indication is that government will make every effort to keep business open as much as possible to balance the economic harm of the restrictions against the public health damage of the virus. The second economic risk lies with essential waste contracts in that whilst the revenue may be protected from economic downturn the cost of delivering the service in a Covid-safe manner and changes in waste being handled as more people remained at home did see reduced levels of profit for the company. This risk is being mitigated by control over the costs and recovery of all justifiable additional expenditure under the contracts.

Throughout this period we have prioritised the safety of our employees and customers and looked to maintain and undertake activities in accordance with Government guidance and industry best practice. As our activities are within an industry classed as essential services, and with a large proportion of our employees delivering these services, the company reacted quickly to make our sites and workplaces Covid-19 secure and where possible we also made arrangements to allow employees to work from home where they can do so effectively. The company also developed its own workplace awareness material to support social distancing rules and promote personal hygiene in the workplace and for visitors at all our sites.

The company has made variations to its sickness absence and family leave policies so employees requiring to self-isolate, shield or care for vulnerable family members are not unduly financial penalised. The company operates and makes available to all employees access to employee assistance programmes and has directly promoted the benefits of these to our employees alongside mental health awareness campaigns to help support well- being in the work place and at home. Throughout the pandemic the company has regularly communicated with its employees and to sought to keep them up to date with company news and latest guidance. In addition, the company and operating companies issued trading updates to keep customers and stakeholders updated on our operation and delivery of services. These statements were published on our company websites and via social media channels

Environment and Quality Assurance and Corporate Social Responsibility

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. As part of The Hills Group the company is looking at ways to reduce the carbon footprint of our activities and benefit from transitioning to green technologies. The Hills Group are developing a strategy to meet the Government's target of a zero-carbon emissions economy by the 2050 and will be setting our own targets and goals. The company's environmental management system that is externally certified to international standard ISO 14001.

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

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.

Streamlined Energy and Carbon Reporting (SECR)

The company has opted to include its SECR reporting disclosures in the independently produced report published in the consolidated accounts of its' ultimate parent company, Hills UK Limited. These accounts can be obtained from the contact details given in note 25.

Strategic report *(continued)*

Employee involvement

The company continues to keep its employees informed on matters affecting them as employees by way of its award winning Intouch magazine, and Safer for All newsletter. 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.

During the pandemic employees were consulted on the introduction of control measures in the work place and social distancing rules as part of the company's risk assessment for Covid-19 reflecting Government guidance at the time. Additional communications were also introduced to maintain regular contact with employees who were both placed on furlough and commenced working from home. During this period the company has continued to raise awareness of mental health issues and promote employee access to support services offered under employee assistance programmes.

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 ISO 45001.

The company provides all employees with access to an independent whistle-blower reporting service to anonymously report serious issues and concerns to allow them to be investigated.

By order of the board

MP Hill
Director

29 November 2021

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

Registered number: 00571289

Directors' report

The directors present their report and the financial statements of the company for the year ended 30 April 2021.

Dividend

During the year a dividend of £750,000 *(2020: £750,000)* was paid to The Hills Group Limited, the parent company and ole shareholder of the company. The directors do not recommend a final dividend.

Directors

The following individuals served as directors during the year and to the date of signing this report:

AG Pardoe
MP Hill
EH Dodd
JW Bucksey

Political and charitable donations

During the year, the company made no political contributions *(2020: £nil.)* and £600 of charitable donations (*2020: £nil*).

Other information

An indication of research and development, employee involvement, likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report which starts on page 1.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to the:
a) likely consequences of any decisions in the long-term;
b) interests of the company's employees;
c) need to foster the company's business relationships with suppliers, customers and others;
d) impact of the company's operations on the community and environment;
e) desirability of the company maintaining a reputation for high standards of business conduct; and
f) need to act fairly as between members of the company.

In discharging its section 172 duties the Company has regard to the factors set out above. In doing so the Company has regard to directives and policies set by the Hills Group Board and delegates authority for day-to-day management to line management and designated sub-committees that hold operational responsibility for engaging in setting, approving and overseeing the execution of the business strategy and related policies. The directors of the Company are members of The Hills Group Board and Finance Committee and report to the Group Board at each board meeting on the operational performance of the activities of the Company.

The Company also has regard to other factors which it consider relevant to the decision making process including engagement with regulatory authorities and involvement in industry trade bodies of which it is a member.

The Company has established core values and a supporting policy framework developed by The Hills Group Board. In the decision making process to deliver its strategic priorities the executives are guided by the policy framework with aim to make sure that the decisions taken are consistent and adhere with the Company and Group core values.

Risk and compliance, legal, pensions, stakeholder-related matters, diversity and inclusivity, corporate responsibility matters, health and safety matters and environmental compliance are reviewed at management meetings and meetings of The Hills Group Board and designated sub-committees.

The Company reviews financial and operational performance and other matters as they arise over the course of the financial year. This is done through review at management meetings and presentations to the Hills Group Board by the directors and the consideration and discussion of reports which, as required, are sent to management and directors in advance of meetings.

Directors' report *(continued)*

Section 172(1) Statement *(continued)*

Stakeholder engagement is primarily undertaken at an operational level and is a priority for the Company due to the impact our business activities can have on neighbouring local communities and surrounding environment to our sites. An important part of our stakeholder engagement programme are the regular liaison meetings held at our sites attended by senior management with elected representatives of the local community and other invited stakeholders to discuss and feedback on our operations

The interests and views of the Company's key stakeholders received alongside other relevant factors are considered when making decisions. This information is published and presented in a variety of formats both use within the Company but also in public facing documents. As a result of this the Company's management have an understanding of the nature of the stakeholders' concerns whilst discharging their responsibilities in compliance with the section 172 duty to promote success of the Company. During the financial year the Company has had regard to the matters set out in section 172(1)(a)-(f) when deciding on the Company's dividend policy. In making this decision the Board considers a range of factors, included the long-term viability of the Company, expected cash flow and financing requirements and funding of strategic investment in our business and workforce as well as other factors.

The actions taken by the Company in response to the Coronavirus pandemic can be found within the strategic report on pages 1 to 3.

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

29 November 2021

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

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

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Hills Waste Solutions Limited ("the company") for the year ended 30 April 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that waste management revenue is recorded in the wrong period or fictitiously recorded and the risk that management may be in a position to make inappropriate accounting entries.

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

Fraud and breaches of laws and regulations – ability to detect *(continued)*

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety legislation, employment law, environmental legislation, and planning conditions recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

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

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A Campbell

Andrew Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square,
Bristol
BS1 4BE
30th November 2021

Profit and Loss Account
for the year ended 30 April 2021

	Note	2021 £000	2020 £000
Turnover	2	**51,625**	52,120
Cost of sales		**(42,091)**	(41,214)
Gross profit		**9,534**	10,906
Distribution costs		**(2,024)**	(2,471)
Administrative expenses		**(6,091)**	(5,808)
Other operating income		**489**	61
Operating profit	3	**1,908**	2,688
Interest payable and similar charges	6	**(152)**	(123)
Profit before taxation		**1,756**	2,565
Tax on profit	7	**(416)**	(855)
Profit for the financial year		**1,340**	1,710

All amounts relate to continuing activities.

The company has no items of other comprehensive income.

The notes on pages 14 to 26 form an integral part of these financial statements.

Balance Sheet
at 30 April 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	*8*		**31,747**		34,239
			31,747		34,239
Current assets					
Stocks	*9*	**415**		433	
Debtors *(including £5,942,000 (2020: £6,312,000) due after more than one year)*	*10*	**20,898**		14,836	
Cash at bank and in hand		**-**		322	
		21,313		15,591	
Creditors: amounts falling due within one year	*11*	**(21,067)**		(19,248)	
Net current assets / (liabilities)			**246**		(3,657)
Total assets less current liabilities			**31,993**		30,582
Creditors: amounts falling due after more than one year	*12*		**(389)**		(619)
Provision for liabilities and charges					
Deferred tax	*15*		**(1,879)**		(1,584)
Other provisions	*16*		**(6,388)**		(5,632)
Net assets			**23,337**		22,747
Capital and reserves					
Called up share capital	*17*		**10**		10
Profit and loss account			**23,327**		22,737
Shareholders' funds			**23,337**		22,747

The notes on pages 14 to 26 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 29 November 2021 and were signed on its behalf by:

AGPardoe

AG Pardoe
Director

Registered number: 00571289

Statement of changes in equity
at 30 April 2021

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 May 2019	10	21,777	21,787
Total comprehensive income for the period			
Profit or (loss)	-	1,710	1,710
Total comprehensive income for the period	-	1,710	1,710
	10	23,487	23,497
Dividends paid	-	(750)	(750)
Balance at 30 April 2020	**10**	**22,737**	**22,747**

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 May 2020	10	22,737	22,747
Total comprehensive income for the period			
Profit or (loss)	-	1,340	1,340
Total comprehensive income for the period	-	1,340	1,340
	10	24,077	24,087
Dividends paid	-	(750)	(750)
Balance at 30 April 2021	**10**	**23,327**	**23,337**

The notes on pages 14 to 26 form an integral part of these financial statements.

Notes

1 Accounting policies

Hills Waste Solutions Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Hills UK Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Hills UK Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Wiltshire House, County Park Business Centre, Shrivenham Road, Swindon, Wiltshire, SN1 2NR.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Related party transactions; and
- Key Management Personnel compensation.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21 The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Measurement convention

The financial statements are prepared on the historical cost basis.

Turnover

Turnover is derived from the sale of landfill space, and from the collection, management and recycling of waste materials. Revenue is recognised on dispatch of goods or performance of services. All turnover is derived from activities carried on in the UK.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for 17 months from the date of approval of these financial statements which indicates that, taking account of a reasonably possible downside scenario, the anticipated socio-economic impact of the COVID-19 pandemic and the company's ability to obtain funding from its ultimate parent company, Hills UK Limited, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Hills UK Limited providing additional financial support during that period. Hills UK Limited has indicated its intention to continue to make available such funds as are needed by the company, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Landfill tax

Landfill tax is included within both turnover and cost of sales. It is an integral part of the charge made to customers for some services and is subject to value added tax.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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
Software	- over 3 years
Freehold buildings	- over 40 years

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

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Research and development

Expenditure on research and development is incurred on a specific project and has been capitalised against the cost of the expected future income stream.

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 102, 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 4.0% *(2020: 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.

Government Grants

The company recognises government grants related to income in the period that the expense is incurred.

The company has included income related to government grants as part of other operating income in the statement of profit and loss and other comprehensive income.

Notes *(continued)*

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 and auditor's remuneration

This is stated after charging/(crediting):

	2021 £000	2020 £000
Depreciation of owned fixed assets	**3,536**	2,154
Depreciation of assets held under finance leases and hire purchase contracts	**248**	504
Profit on sale of fixed assets	**(286)**	(61)
Furlough grants received	**(203)**	(53)
Auditor's remuneration: audit of these financial statements	**30**	18

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.

Research and development expenditure of £144,000 (*2020:£740,000*) has been added to current assets in the year.

4 Directors' emoluments

	2021 £000	2020 £000
Emoluments (including contributions to defined benefit pension schemes)	**309**	191
	309	191
Highest paid director:		
Emoluments	**179**	132
Contributions to defined benefit pension schemes	**22**	20
	201	152

Number of directors accruing benefits in company pension schemes:

	2023 No.	2020 No.
Defined contribution schemes	**3**	3

Registered number: 00571289

Notes *(continued)*

5 Staff costs

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

	2021 £000	2020 £000
Wages and salaries	**5,559**	5,614
Social security costs	**523**	489
Pension costs	**960**	960
	7,042	**7,063**

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

	2021 No.	2020 No.
Site based employees	**128**	126
Administration and sales staff	**50**	50
Company average including directors	**178**	176

6 Interest payable and similar charges

	2021 £000	2020 £000
Bank loans and overdrafts	**14**	14
Other bank loan	**73**	32
Interest on finance leases and hire purchase contracts	**65**	77
	152	123

Notes *(continued)*

7 Taxation

Total tax recognised in the profit and loss account.

	2021	2020
	£000	£000
Analysis of charge in the year		
Current tax:		
UK corporation tax on profits of the year	**318**	583
Adjustments in respect of previous years	**(197)**	(19)
Total current tax	**121**	564
Deferred tax:		
Origination and reversal of timing differences	**182**	128
Adjustments in respect of previous years	**113**	10
Effect of tax rate change on opening balance	**-**	153
Total deferred tax	**295**	291
Total tax	**416**	855

Reconciliation of effective rate

The total tax charge for the period is higher *(2020: higher)* than the standard rate of corporation tax in the UK. The differences are explained below:

	2021	2020
	£000	£000
Profit for the year	**1,340**	1,710
Total tax expense	**416**	855
Profit on ordinary activities before tax	**1,756**	2,565
Standard rate of corporation tax in the UK 19% *(2019: 19%)*	**19%**	19%
Profit on ordinary activities multiplied by the standard rate of corporation tax	**334**	487
Effects of:		
Expenses not deductible for tax purposes	**14**	2
Fixed asset differences	**152**	222
Adjustment to deferred tax brought forward values	**-**	153
Adjustments to tax charge in respect of previous periods	**(84)**	(9)
Total tax expenses included in profit and loss	**416**	855

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax liability as at 30 April 2021 was calculated at 19% *(2020: 19%)*. An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly and increase the deferred tax liability by £593,000.

Notes *(continued)*

8 Tangible fixed assets

	Motor vehicles £000	Land and buildings £000	Other assets £000	Plant and machinery £000	Total £000
Cost					
At 1 May 2020	3,638	34,610	881	35,296	74,425
Additions	-	988	-	320	1,308
Disposals	(421)	-	-	(1,320)	(1,741)
At 30 April 2021	3,217	35,598	881	34,296	73,992
Depreciation					
At 1 May 2020	3,090	16,990	823	19,283	40,186
Charge for the year	214	1,315	56	2,199	3,784
On disposals	(421)	-	-	(1,304)	(1,725)
At 30 April 2021	2,883	18,305	879	20,178	42,245
Net book value					
At 30 April 2021	**334**	**17,293**	**2**	**14,118**	**31,747**
At 30 April 2020	548	17,620	58	16,013	34,239

Impairment loss and subsequent reversal

There has been no impairment loss in the current year *(2020: £nil).*

Security

The Northacre Energy Resource Centre is pledged as security for the related bank loan provided by RBS. This is included in Land and buildings above. The amount outstanding on the related loan is £nil *(2020: £nil).*

Land and buildings	**Cost 2021 £000**	**Net book value 2021 £000**	Cost 2020 £000	Net book value 2020 £000
Freehold land and buildings	**29,029**	**16,710**	28,620	17,256
Short leasehold land and buildings	**2,792**	**80**	2,724	30
	31,821	**16,790**	31,344	17,286

Leased plant and machinery

	2021 £000	2020 £000
Net book value of fixed assets held under finance leases and hire purchase contracts	**450**	698

The fixed assets owned under finance leases carry financial obligations as shown in note 14. The depreciation charged in the year for the assets held under finance leases was £248,000 *(2020: £504,000).*

Included within land and buildings is a cost of £3,777,000 (*2020: £3,266,000*) and associated accumulated depreciation of £3,274,000 (*2020: £2,932,000*) relating to the restoration asset which represents the discounted cost of the final site restoration and post-closure aftercare. This asset is not included in the analysis of freehold and leasehold properties shown above.

Notes (continued)

9 Stocks

	2021 £000	2020 £000
Consumables	415	433
	415	433

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

Consumables were recognised as cost of sales and distribution costs in the year amounted to £641,000 and £964,000 respectively *(2020: £705,000 cost of sales and £1,126,000 distribution).*

10 Debtors

	2021 £000	2020 £000
Trade debtors	7,082	6,111
Other debtors	5,221	5,077
Amounts owed by group undertakings	3,073	-
Prepayments and accrued income	5,522	3,648
	20,898	14,836

Included in Other debtors is £5,221,000 (*2020: £5,077,000*) due after more than one year.
Included in Prepayments and accrued income is £721,000 (*2020: £1,235,000*) due after more than one year.

11 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank loans and overdrafts	5,919	5.292
Obligations under finance leases and hire purchase contracts (see note 13)	234	237
Trade creditors	2,266	2,327
Amounts owed to group undertakings	3,386	2,492
Corporation tax	319	345
Other taxes and social security costs	4,750	3,454
Accruals and deferred income	4,193	5,101
	21,067	19,248

12 Creditors: amounts falling due after one year

	2021 £000	2020 £000
Obligations under finance lease and hire purchase contracts (see note 13)	389	619
	389	619

Notes *(continued)*

13 Interest- bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2021 £000	2020 £000
Creditors falling due after more than one year		
Secured bank loans	**-**	-
Finance lease and hire purchase liabilities	**389**	619
	389	619
Creditors falling due within less than one year		
Secured bank loans	**1,588**	1,185
Other bank loan	**4,107**	4,107
Bank overdraft facility	**224**	-
Finance lease and hire purchase liabilities	**234**	237
	5,929	5,529

The secured bank loans comprise £1,588,000 (*2020 £1,185,000*) of variable funding secured on trade debtors. The variable debtor finance is secured by an all assets debenture and is governed by a facility agreement which was effective for a minimum period which expired on 23rd June 2019 and since this date is cancellable on 6 months' notice. Interest is charged at a margin of 1.4% above UK base rates. The other bank loan is an interim unsecured loan which since the year end has been converted into a finance lease arrangement secured against new recycling plant and equipment when the equipment is commissioned.

14 Other interest- bearing loans and borrowings

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

	2021 £000	2020 £000
Amounts payable:		
With one year	**234**	237
Within one to two years	**203**	234
In the second to fifth years	**186**	385
	623	856

15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Accelerated capital allowances	**-**	-	**1,908**	1,613	**1,908**	1,613
Tax losses carried forward	**(29)**	(29)	**-**	-	**(29)**	(29)
Tax (assets) / liabilities	**(29)**	(29)	**1,908**	1,613	**1,879**	1,584

The deferred tax liability at 30 April 2021 and 30 April 2020 has been calculated based on a rate of 19%.

The provision for deferred taxation has not been discounted.

Notes *(continued)*

16 Provisions for liabilities

Site restoration and aftercare

	2021	2020
	£000	£000
At 1 May 2020	5,632	5,506
Charge to the profit and loss account for the year	707	262
Amounts used	(209)	(253)
Changes to the discounted amount	258	117
At 30 April 2021	**6,388**	5,632

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 4.0% *(2020: 4.5%).*

17 Share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
20,000 *(2019: 20,000)* ordinary shares of 50p each	**10**	10

18 Dividends

	2021	2020
	£000	£000
Dividends for which the company became liable during the year:		
Dividends paid	**750**	750

19 Capital commitments

	2021	2020
	£000	£000
Amounts contracted for but not provided in the accounts	**555**	-

20 Other financial commitments

	Other	Other
	2021	2020
	£000	£000
Operating leases which expire:		
Within one year	**97**	23
In the second to fifth years	**1,501**	2,391
	1,598	2,414

Registered number: 00571289

Notes *(continued)*

During the year £1,141,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2020: £1,065,000)*.

21 Accounting estimate and judgements

The preparation of the company's financial statement requires management to make judgements, estimate and assumption that affect the application of account policies and reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Key sources of estimation uncertainty

Restoration provisions
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 4.0% *(2020: 4.5%)*.

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 £548,000 *(2020: £548,000)*. An accrual of £nil has been made for these charges as at 30 April 2021 *(2020: £ nil)*.

Defined benefit pension scheme

Other employees and three directors are members of the parent company (Hills UK Limited's) defined benefit pension scheme *(2020: four directors)*. The assets of the scheme are held separately from those of the company and group. The scheme closed to the accrual of further benefits on 1 July 2017. Two directors (*2020: Two directors*) accrued benefits in the defined benefit scheme until this date.

The most recent valuation of the scheme at 1 July 2020 has been updated by the actuary on an FRS102 basis on 30 April 2021 and on 30 April 2020.

Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS102, the scheme is accounted for by this company as if the scheme was a defined contribution scheme with the full requirements of FRS102 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.

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 £412,000 *(2020: £412,000)*.

The total profit and loss charge for both the above schemes is £960,000 *(2020: £960,000)*.

23 Cross guarantee

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

24 Contingent liability

The company has been informed by the Health and Safety Executive that it has commenced an investigation following an incident at one of the company's premises which led to a fatality. No provision has been made in these accounts as the outcome of the investigation has not yet been determined and no reliable estimate for potential liability is available.

Notes *(continued)*

25 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
SN1 2NR