

The Hills Group Limited
Annual report and financial statements
Registered number 01478385
30 April 2025

Contents

Strategic report	1
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	5
Independent auditor's report to the members of The Hills Group Limited	6
Profit and Loss Account	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the financial statements	13

Strategic report

Principal activities

The company's principal activities during the year were that of providing centralised management services for companies within the Hills UK Group of companies, some of which are subsidiaries of the company. The costs for these services are recharged to the group companies and the company receives dividend income from the profits of its subsidiaries. The company pays dividends on its profits to Hills UK Limited.

Business review

The company's principal trading subsidiary businesses of Hills Waste Solutions Limited, Hills Quarry Products Limited, and Hills Homes Developments Limited all include strategic reviews in their statutory accounts. The dividends paid to the company are disclosed in note 6 to the accounts.

As outlined in the Strategic Reviews of these companies, we expect that Hills Waste Solutions Limited and Hills Homes Developments Limited will generate profits to pay dividends to the company in the current year. Hills Quarry Products Limited is expected to return to profit in 2026/2027.

As the company is a holding company which recovers its costs from subsidiaries we do not consider there to be significant financial risk or uncertainty facing the company itself in the immediate future. The risks identified for the trading subsidiaries are outlined in the strategic reviews of those companies.

Financial review

The profit for the year, after taxation, amounted to £1,998,000 (2024: £2,494,000). The dividend paid to Hills UK Limited was £2,000,000 (2024: £2,500,000). The level of resources employed are determined by the requirements of the company's trading subsidiaries and the level of recharges will vary in accordance with this figure.

Operating costs and investment in new equipment were both within the budget set by management at the start of the year.

Risk management

The company's principal financial instruments comprise cash, bank borrowings, capital financing and loans between fellow group undertakings, 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. The directors are satisfied that the company has sufficient resources to continue the operational activities of the business.

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

The company also recognises the continuing risk posed by cyber attack as our management systems and customer interfaces rely on online and hosted IT platforms. The company holds Cyberessential+ accreditation and has specialist advisors to help in managing this risk. During the year significant investments have been made in supporting infrastructure to maintain data security.

The risks associated with the level of inflation, and other macro-economic factors, are discussed in the strategic reviews of the company's subsidiaries.

Employee involvement

The company continues to keep its employees, and those of its subsidiary companies, informed on matters affecting them as employees by way of its award winning Intouch magazine and Safer for All newsletter. Staff notices, emails, website and meetings are used to communicate immediate issues with employees. The company operates an employee engagement programme "Move to improve" that actively seeks and rewards employees for submitting business improvements ideas for consideration by senior management. A new initiative in this regard is deployment of large display screens at operational sites to communicate key messages to as many staff as possible.

During the year the company has continued to raise awareness of mental health issues and promote employee access to support services offered under employee assistance programmes.

The company's employment practices and policies are designed to ensure that job applicants and all employees are treated in an equal and fair manner. Alongside publishing mandatory gender pay details we publish group wide gender pay details to help improve transparency on our web site. 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 protected characteristics or disabilities. Where an employee becomes disabled whilst employed by the company, arrangements are made, wherever possible, to retrain them to enable them to perform a job identified as appropriate to their aptitude and abilities.

Strategic report (continued)

Employee involvement (continued)

The health and safety of all employees is given paramount importance within the group. During the year independent auditors undertake reviews of company and subsidiary sites to review compliance with the group's health and safety management system and relevant legislation.

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.

The company has implemented an online training platform named Learning For All that it is being rolled out to all employees alongside existing training programmes. Learning For All will provide competence and skills training for employees and the opportunity to benefit from continued development across all areas of our business.

Environment

The Hills Group's environmental policy is available from the company's website at www.hills-group.co.uk. The company and its subsidiaries are looking at ways to reduce the carbon footprint of our activities and benefit from transitioning to green technologies. As a group we are developing strategies to meet the Government's target of a zero-carbon emissions economy by 2050 and will be setting our own targets and goals.

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 Chairman is a director of Hills UK Limited, the ultimate parent company of the group, and reports, with executive directors, to the board of Hills UK Ltd and its shareholders on the operational and financial performance of the companies within the group.

The company also has regard to other factors which it considers 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 the aim of ensuring 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 group 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 group board. Reports for consideration and discussion, as required, are sent to management and directors in advance of meetings.

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 the surrounding environment. An important part of our stakeholder engagement programme are the regular liaison meetings held at our sites attended by senior management with representatives of the local community and other invited stakeholders to discuss and feedback on our operations.

Strategic report *(continued)*

Section 172(1) Statement *(continued)*

The interests and views of the company's key stakeholders alongside other relevant factors are considered when making decisions. This information is published and presented in a variety of formats for 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 and promoting the 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 payment. 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 for strategic investment in our business and workforce.

By order of the board,



MP Hill
Director

27 November 2025

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 2025.

Principal activities

The principal activity of the company was that of a holding company and the provision of management services to its subsidiaries and other members of the Hills UK group of companies.

Dividend

The profit for the year, after taxation, amounted to £1,998,000 (2024 £2,494,000). During the year, a dividend of £2,000,000 (2024: £2,500,000) was paid to Hills UK Limited, the sole shareholder and parent of the company. The directors do not recommend the payment of a final dividend (2024: £nil).

Directors

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

AG Pardoe	(resigned 30/09/2025)
MP Hill	
NJ King	(resigned 30/06/2025)
PF Andrew	(resigned 31/12/2024)
EH Dodd	
JW Hobin-Bucksey	(appointed 01/05/2024)
DI Bevan	(appointed 01/05/2024)

Political and charitable donations

During the year, the company made charitable donations of £4,710 (2024: £4,206) and no political donations (2024: £nil).

Other information

An indication of employee involvement and likely future developments in the business have been included in the Strategic Report on page 1. No significant events have occurred since the end of the financial year.

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 BDO LLP will therefore continue in office.

By order of the board



EH Dodd
Director

27 November 2025

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of The Hills Group Limited

Opinion on the 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 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Hills Group Limited ("the Company") for the year ended 30 April 2025 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of The Hills Group Limited (continued)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be UK accounting standards and applicable law, and UK tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK tax legislation and UK employment law.

Independent auditor's report to the members of The Hills Group Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Non-compliance with laws and regulations (continued)

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud.
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be in relation to management override.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria (including entries posted to revenue), by agreeing to supporting documentation;
- Reviewing unadjusted audit differences for indications of bias or deliberate misstatement; and
- Incorporating an element of unpredictability in our response to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

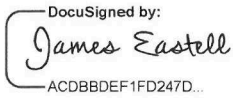
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report to the members of The Hills Group Limited *(continued)*

Use of our report

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.

DocuSigned by:

ACDBBDEF1FD247D...

James Eastell (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol, UK

28 November 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit and Loss Account
for the year ended 30 April 2025

	<i>Note</i>	2025 £000	2024 £000
Turnover	2	4,877	4,742
Cost of sales		(3,050)	(2,812)
		<hr/>	<hr/>
Gross profit		1,827	1,930
Administrative expenses		(1,824)	(1,928)
		<hr/>	<hr/>
Operating profit	3	3	2
Income from shares in group undertakings	6	2,000	2,500
Interest payable and similar charges		-	-
		<hr/>	<hr/>
Profit before taxation		2,003	2,502
Tax on profit	7	(5)	(8)
		<hr/>	<hr/>
Profit for the financial year		<hr/> 1,998 <hr/>	<hr/> 2,494 <hr/>

All amounts relate to continuing activities.

The company has no items of other comprehensive income.

The notes on pages 13 to 20 form an integral part of these financial statements.

Balance Sheet
at 30 April 2025

	Note	2025 £000	2024 £000
Fixed assets			
Tangible assets	8	489	292
Investments	9	584	584
		<u>1,073</u>	<u>876</u>
Current assets			
Debtors (including £18,000 (2024: £nil) due after more than one year)	10	1,500	1,488
Cash at bank and in hand		49	53
		<u>1,549</u>	<u>1,541</u>
Creditors: amounts falling due within one year	11	<u>(535)</u>	<u>(386)</u>
Net current assets		<u>1,014</u>	<u>1,155</u>
Total assets less current liabilities		<u>2,087</u>	<u>2,031</u>
Provision for liabilities and charges			
Deferred tax	12	(73)	(15)
Net assets		<u>2,014</u>	<u>2,016</u>
Capital and reserves			
Called up share capital	13	11	11
Share premium		1	1
Profit and loss account		2,002	2,004
Shareholders' funds		<u>2,014</u>	<u>2,016</u>

The notes on pages 13 to 20 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 27 November 2025 and were signed on its behalf by:



DI Bevan
Director

Statement of Changes in Equity
at 30 April 2025

	Called up share capital	Share premium	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 May 2023	11	1	2,010	2,022
Total comprehensive income for the period				
Profit	-	-	2,494	2,494
Total comprehensive income for the period	-	-	2,494	2,494
Dividends paid	-	-	(2,500)	(2,500)
Balance at 30 April 2024	11	1	2,004	2,016

	Called up share capital	Share premium	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 May 2024	11	1	2,004	2,016
Total comprehensive income for the period				
Profit	-	-	1,998	1,998
Total comprehensive income for the period	-	-	1,998	1,998
Dividends paid	-	-	(2,000)	(2,000)
Balance at 30 April 2025	11	1	2,002	2,014

The notes on pages 13 to 20 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

The Hills Group 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”). 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 is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company’s ultimate parent undertaking, Hills UK Limited, includes the company in its consolidated financial statements. The company has therefore elected to claim the exemption available to it under s400 of the Companies Act 2006 and has not consolidated the results of its subsidiaries as listed in note 9 in these financial statements. The consolidated financial statements of Hills UK Limited are also prepared in accordance with Financial Reporting Standard 102 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.

Significant judgements and estimates

There are no judgments made by the directors in the application of these accounting policies that have significant effect on the financial statements and no estimates with a significant risk of material adjustment in the next year.

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 the company will have sufficient funds to meet its liabilities as they fall due for that period.

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.

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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Basic financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, and bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

Depreciation

Depreciation is provided on all tangible fixed assets to write off the cost, less estimated residual value, of each asset by equal instalments over its expected useful life, as follows:

Office equipment and fixtures	- over 3 to 10 years
Software	- over 3 years

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.

Leasing and hire purchase commitments

Assets acquired 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 their useful lives. The outstanding future lease or hire purchase obligations are shown as liabilities.

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 lease term.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Post-retirement benefits

The company is a member of Hills UK Limited's defined contribution pension scheme. The assets of the scheme are held separately from those of the 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 16.

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.

Dividend income is recognised when there is a legal right to receive.

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of management services to subsidiary companies during the year. Turnover is recognised on provision of those services.

3 Expenses and auditor's remuneration

This is stated after charging:

	2025 £000	2024 £000
Depreciation of owned fixed assets	200	188
Operating lease rentals – office equipment	187	146
Auditor's remuneration: audit of these financial statements	17	16
Contributions to defined benefit pension plans	41	26

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.

4 Directors' emoluments

Two directors received remuneration directly from the company for their services, but for the purposes of this report have been included in the notes on directors' remuneration included in other group companies to reflect recharges made and be consistent with other company directors. The estimated cost of all directors' services attributable to The Hills Group Limited is £106,000 (2024: £147,000).

Number of directors accruing benefits in company pension schemes:

	2025 No.	2024 No.
Defined contribution plans	5	4

Notes to the financial statements (continued)

5 Staff costs

	2025 £000	2024 £000
Wages and salaries	2,285	2,094
Social security costs	265	236
Pension costs	321	253
	<u>2,871</u>	<u>2,583</u>

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

	2025 No.	2024 No.
Administration and sales staff	<u>57</u>	<u>53</u>
Company average including directors	<u>57</u>	<u>53</u>

6 Income from shares in group undertakings

During the year, the company received dividend income of £1,250,000 (2024: £1,500,000) from Hills Waste Solutions Limited, £nil (2024: £nil) dividend income from Hills Quarry Products Limited and £750,000 (2024: £1,000,000) dividend income from Hills Homes Developments Limited. All these companies are 100% owned subsidiaries.

7 Taxation

	2025 £000	2024 £000
Analysis of charge in the year		
Current tax:		
UK corporation tax on profits of the year	(54)	(20)
Adjustments in respect of previous years	1	5
Total current tax	<u>(53)</u>	<u>(15)</u>
Deferred tax:		
Origination and reversal of timing differences	59	25
Adjustments in respect of previous years	(1)	(2)
Total deferred tax	<u>58</u>	<u>23</u>
Total tax charge	<u>5</u>	<u>8</u>

Notes to the financial statements (continued)

7 Taxation (continued)

Factors affecting tax charge for the year

The total tax charge for the period is lower (2024: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2025 £000	2024 £000
Profit for the year	1,998	2,494
Total tax expense	5	8
Profit on ordinary activities before tax	2,003	2,502
Standard rate of corporation tax in the UK 25% (2024: 25%)	25%	25%
Profit on ordinary activities multiplied by the standard rate of corporation tax	501	625
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2	1
Income not taxable	(500)	(625)
Fixed asset differences	2	4
Effect of changes on recognition of deferred tax at different rates	-	-
Adjustments to tax charge in respect of previous periods	-	3
Total tax charge included in profit and loss	5	8

The deferred tax asset as at 30 April 2025 has been calculated at the Corporation Tax payable rate of 25% (2024: 25%).

8 Tangible fixed assets

	Office equipment and fixtures £000	Software £000	Total £000
<i>Cost</i>			
At 1 May 2024	2,108	40	2,148
Additions	397	-	397
Disposals	-	-	-
At 30 April 2025	2,505	40	2,545
<i>Depreciation</i>			
At 1 May 2024	1,816	40	1,856
Charge for the year	200	-	200
On Disposals	-	-	-
At 30 April 2025	2,016	40	2,056
<i>Net book value</i>			
At 30 April 2025	489	-	489
At 30 April 2024	292	-	292

Notes to the financial statements (continued)

9 Investments

Investments in subsidiary undertakings

£000

At 1 May 2024 and at 30 April 2025

584

The company holds 100% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%	Country incorporated	Capital and reserves £000	Profit and loss £000
Hills Waste Solutions Limited	England and Wales	Ordinary	100	UK	22,561	1,673
Hills Quarry Products Limited	England and Wales	Ordinary	100	UK	8,197	(1,773)
Hills Homes Developments Ltd	England and Wales	Ordinary	100	UK	11,824	509
Able Waste Management Limited	England and Wales	Ordinary	100	UK	204	-

The registered office address for all the above companies is Wiltshire House, County Park Business Centre, Shrivenham Road, Swindon, Wiltshire, SN1 2NR.

10 Debtors

	2025 £000	2024 £000
Amounts owed by group undertakings	1,177	1,220
Prepayments and accrued income	220	182
Other debtors	49	66
Corporation tax	54	20
	<u>1,500</u>	<u>1,488</u>

11 Creditors: amounts falling due within one year

	2025 £000	2024 £000
Trade creditors	145	155
Amounts owed to group undertakings	214	14
Other taxes and social security costs	68	61
Accruals and deferred income	108	156
	<u>535</u>	<u>386</u>

Amounts owed to group undertakings are interest free and repayable on demand.

12 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Accelerated capital allowances	-	-	73	15	73	15
Short term timing differences	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>73</u>	<u>15</u>	<u>73</u>	<u>15</u>
Tax liabilities	-	-	73	15	73	15

The deferred tax liability as at 30 April 2025 has been calculated based on a rate of 25% (2024: 25%).

Notes to the financial statements (continued)

13 Share capital

	2025 £000	2024 £000
<i>Allotted, called up and fully paid</i>		
10,990 (2024: 10,990) ordinary shares of £1 each	11	11

14 Dividends

During the year the company paid a dividend of £2,000,000 to its immediate parent undertaking, Hills UK Limited (2024: £2,500,000).

15 Other financial commitments

The company had minimum lease payments under non-cancellable operating leases as set out below:

	Other 2025 £000	Other 2024 £000
Not later than one year	128	120
Later than one year and not later than five years	86	14
Later than five years	-	-
	214	134

During the year £188,000 was recognised as an expense in the profit and loss account in respect of operating leases (2024: £146,000).

16 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 £280,000 (2024: £227,000). No accrual has been made for these charges as at 30 April 2025 (2024: £nil).

Defined benefit pension scheme

Other employees and three directors are members of the parent company's (Hills UK Limited) defined benefit pension scheme (2024: five directors). The assets of the scheme are held separately from those of the company and group. The scheme was closed to further accrual of benefits on 1st July 2017.

The most recent valuation of the scheme at 1 July 2023 has been updated by the actuary on an FRS102 basis on 30 April 2025 and on 30 April 2024.

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 financial statements of the parent company, Hills UK Limited, which can be obtained from the address given in note 18.

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 £41,000 (2024: £26,000).

The total profit and loss charge for both the above schemes is £321,000 (2024: £253,000).

Notes to the financial statements (continued)

17 Cross guarantee

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

18 Ultimate parent undertakings

The company is a subsidiary undertaking 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