Hills UK Limited

Annual report and consolidated financial statements

Registered number 00530623

30 April 2025

Contents

Company information

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Strategic report

Principal activities

The principal activities of the Hills UK group of companies during the year continued to be that of sand and gravel extraction, waste management and recycling, haulage, property investment, housing development, and the manufacture and sale of ready mixed concrete.

Summary

The construction and housing markets have continued to be impacted by UK macroeconomic conditions which have been exacerbated by delays in the planning system for approving construction and housing projects. We have seen demand for aggregates continue to fall and have seen a significant interruption to our house building programme which is now being reflected in the lack of houses for sale.

Against the backdrop of these events, the business has performed below expectations. Overall turnover and profit have fallen compared to the previous year, while cash and borrowings remain in a strong position. The profit before tax for the year was £ 1.7m (*2024: £4.8m*). Dividends paid in the year remain unchanged at £2.4m (*2024: £2.4m*).

The prospects for 2026 do not appear to be substantially better as market conditions for the Quarrying business remain difficult and the number of houses for sale in the Homes business is limited due to the delays in building. However, our mid and long term financial plans give reason to anticipate improving results from 2026/27 onwards.

Quarry Products

The downwards trend in activity of the aggregate and concrete markets in the UK noted in last year's accounts have continued throughout the 2024/25 year. This is a downturn which has affected the whole industry and recent press announcements from the Mineral Products Association (MPA) have highlighted its extent. In August the MPA announced that sales volumes of ready mixed concrete in Q2 2025 were 11.5% below Q2 2024 and that sales volumes were at a 62 year low. Sand and gravel sales in Q2 2025 were also 11.7% below Q2 2024 and annually down by 7.9% following two years of similar decline in 2023 and 2024. The delays in the planning process coupled with difficult funding conditions for major construction projects have been significant contributing factors to the reduced market demand.

We anticipate current market conditions to prevail for a while, given the likely time needed for the improved interest rates and planning reforms, and we are not likely to see much of an improvement in demand until later next year. We are therefore expecting the current financial year to be another tough year. The longer-term outlook for this business, however, remains positive and, with the current level of aggregate reserves, the company should return to being a significant contributor to Group profits over the years to come.

The search for new reserves is always an important issue and continues to be challenging. We are pursuing opportunities, and the planning consent gained in the year for Airfield Quarry in the Cotswold Water Park was a positive development. This reserve will enable us to continue operations in the Cotswold Water Park for many more years to come and should come onstream during the 2026/27 year.

Strategic report *(continued)*

Waste Solutions

The Waste Solutions business overall has experienced a disappointing year as we continue to adopt strategies with our customers that reduce dependence on landfill as a disposal option and increase our recycling and energy from waste capacity.

The year has seen turnover in Hills Waste Solutions Ltd increase from £58.2m in 2024 to £63.8m in 2025 but profit pre-tax has reduced by £300,000 to £2.0m *(2024: £2.3m)*, with £1.3m of the year's profit due to a change in the discount rate used for the restoration and aftercare provision.

Municipal Collections

The Municipal Collections kerbside collection contract for Wiltshire Council has seen a modest level of profitability. We have continued to deliver a good level of service under the contract. Increases in the national living wage and employers National Insurance from April 2025 will put pressure on profitability, should we be unable to fully recover these, through to the end of the initial term of the contract in July 2026. The contract can be extended for a further 8 years on the submission of a revised financial model. The model is currently with the Council and negotiations are underway.

The year has seen turnover increase from £17.0m in 2024 to £17.5m in 2025 and losses pre-tax of £88,000 in 2024 turn to a profit of £48,000 in 2025.

Wiltshire Council Contracts

The contract to divert residual municipal waste from landfill for treatment at the company's Northacre Resource Recovery Centre (NRRC) remains profitable. The bio filter medium in the NRRC was replaced earlier than previously anticipated in the financial year to maintain the efficiency of the plant and emission levels in accordance with the site odour management plan and environmental permit.

The contracts for bulking and delivering municipal waste to the Lakeside EFW facility, garden waste composting and residual waste to landfill continued to see consistent profit performance.

The recycling contract incorporating Sands Farm MRF has seen persistent difficulty with the quality of collected material inputs, resulting in high residual disposal costs. Additionally, plant downtime has reduced running efficiency and increased plant maintenance costs. Reduced sales prices for recyclate material has also had a detrimental effect on profitability. The contract recorded a substantial loss in the year but can be extended for a further 8 years beyond July 2026 on the submission of a revised financial model. The model is currently with the Council and negotiations are underway.

The recycling, garden waste composting, and residual waste to landfill contracts all come to the end of their initial term in July 2026. The company has submitted revised financial models in support of contract extensions for a further 8 years.

The remaining contracts extend beyond July 2026, with Lakeside running to 2033 and the NRRC to 2038.

Waste Disposal

The Landfill business continues to adapt to a continually changing business environment and remains profitable. There is an ongoing demand for hazardous and non hazardous landfill capacity at reduced volumes, but with consistent revenues.

Waste to Energy

The Waste to Energy project owned and managed by Northacre Renewable Energy Ltd (NRE), the special purpose venture in which Hills NRE Limited, a wholly owned subsidiary of Hills UK Limited, holds a minority interest, has been evolving following the planning approval in spring 2023. In the 2025 financial year a new majority shareholder has taken ownership of the project and the company has received reimbursement of a significant percentage of our development costs as part of the change of ownership. We continue to work with the new majority shareholder in NRE on delivering the project and anticipate being in a position to give a positive update on progress in next year's report.

Strategic report *(continued)*

Waste Collection

The commercial waste collection business has seen a few years of steady profit growth. However, while 2025 saw continued growth in lift numbers, the transition to nationally consistent collection services under the simpler recycling legislation led to increased costs and reduced collection margins. The company intends to further develop this business both in support of the proposed waste to energy project with NRE and to improve profitability more generally.

Homes

The housing market is always sensitive to interest rates and general economic sentiment, however the long running delays with securing planning permissions and detailed consents have had greater impact on the business this year. The company has only recently been able to start work on 3 new housing sites following protracted delays in obtaining technical approvals.

Sales in the year were £7,045,000 *(2024: £10,950,000)*. During the period we sold a total of 19 houses at an average price of £371,000 *(2024: 28 houses at an average price of £391,000)*.

The sales in the year came from 2 developments. These were at Oxford Road, Calne, with 18 completions and West Hanney with 1 completion. Each site had just one plot unsold at the balance sheet date, and both have been sold in the current financial year.

There was more activity on the land acquisition front, with the company acquiring more land in Wroughton, Swindon and exchanging contracts to acquire a significant site in Kingsdown, Swindon.

At 30th April 2025 we had in total 153 plots (*2024: 172 plots*) either under construction or with planning permission and a further 168 plots (*2024: 94 plots*) on option subject to planning and subsequent site purchase.

The market remains underpinned by a shortage of housing generally, and with expectations of stable interest rates coupled with high general levels of employment, we are anticipating relatively favourable selling conditions once our new sites come to market in early 2026.

Financial

2025 has seen a continued and marked downturn in demand for aggregates and ready-mix concrete and we have a current shortage of plots available to sell in the housing business. The waste business has faced challenges implementing new food waste directives and with the price of recycled materials. External factors remain, with potential threats to world markets posed by the continuing conflicts in the Middle East and Ukraine. If the unrest causes oil price spikes, for instance, the rising cost of fuel would sizeably impact our cost base.

We will continue to manage the cash resources closely but also recognise the need to invest for the future growth of the business.

Dividend payments have been maintained at the same level for 2025, but will be reduced in 2026.

Group net cash as at 30th April 2024 of £10,036,000 reduced to net borrowings of £93,000 at 30th April 2025. Net cash generated from operating activities in the year was £3,763,000 *(2024: £16,816,000)*, as shown in the Consolidated Cash Flow Statement and, net of direct asset financing and sale of assets, £12,549,000 *(2024: £7,187,000)* was invested in tangible fixed assets for future business growth.

Turnover in the year increased by £527,000 to £129,198,000, an increase of 0.4% *(2024: reduction of £7,696,000 or 6% to £128,671,000)*. The gross profit margin fell to 12% in 2025 *(2024: 16%)*. This resulted in gross profits of £15,559,000 in 2025 compared to £20,280,000 in 2024.

The group's closed defined benefit pension scheme net asset has increased from of £2,176,000 as at 30 April 2024 to a net asset of £4,261,000 at 30 April 2025 due mainly to an increase in the discount rates used for the scheme's liabilities. This has resulted in a gain through our Statement of Other Comprehensive Income of £1,117,000 before tax. Details of the pension liability and supporting notes are included in note 21 of these accounts.

Strategic report *(continued)*

Risk Management

The group'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 risk arising from its financial instruments are interest rate risk and liquidity risk. In addition, the group has an exposure to exchange rate fluctuations due to the purchase of machinery in Euros and the current disposal of solid recovered fuel into the European market.

The group 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 and take actions to mitigate these risks and minimise their impact. The directors welcome the recognition by the new Government that action is needed to address the current issues with our planning system to stimulate the construction sector and growth in the wider UK economy.

The group and member companies regularly review and adapt operations in response to interruptions in the supply chain. Supply chains are periodically affected by external issues which potentially result in shortages of materials and long lead times.

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 investments have been made in supporting infrastructure to maintain data security.

The group recognises that adverse weather events have the potential to impact our operations. Where it is economic to do so, the group is committed to investment in site infrastructure and technology to mitigate this risk and looks to manage climate risk proactively.

The possibility of a return to high levels of inflation also presents a risk to the financial performance of the group. The amount we charge to our customers may not necessarily be able to be increased in line with the increase in costs we experience to provide these services. The contracts with Wiltshire Council do provide for inflationary increases which are capped at the Consumer Prices Index but for general commercial customers our prices are subject to market conditions. We seek to protect profit margin by increasing our sales prices were possible.

The directors are satisfied that the group has sufficient resources to continue the operational activities of the business despite the continued uncertain economic outlook.

Environmental Policy

The group's environmental policy is available from the group's website at www.hills-group.co.uk. Hills Waste Solutions Limited operations work within an environment management system that has been externally certified to international standard ISO14001:2004.

Strategic report *(continued)*

Environment and Streamlined Energy and Carbon Reporting (SECR)

The Group and its individual operating companies 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 a strategy to meet the Government's policy of a zero-carbon emissions economy by the 2050 and will be setting our own targets and goals.

The following SECR report has been prepared by an independent third-party energy efficiency consultant based on data provided by the group.

Hills Group – 2024/25 Streamlined Energy & Carbon Report

Parameter	Units	Current reporting year	Previous reporting year
		01/05/24 - 30/04/25	**01/05/23 - 30/04/24**
Combustion fuels consumed	kWh	158,453	133,251
Grid electricity consumed	kWh	6,806,080	5,788,719
Solar electricity consumed	kWh	32,738	28,217
Transport fuels consumed	kWh	46,323,623	48,210,987
Total energy consumption used to calculate emissions	kWh	53,320,894	54,161,174
Emissions from combustion of gas (scope 1)	tCO_2e	29	24
Emissions from combustion of other fuel (scope 1)	tCO_2e	0	0
Emissions from transportation in vehicles owned or controlled by Hills Group (scope 1)	tCO_2e	10,592	11,449
Emissions from purchased electricity: location-based (scope 2)	tCO_2e	1,409	1,199
Emissions from business travel in vehicles owned or operated by 3rd parties (scope 3)	tCO_2e	87	84
Total location-based carbon emissions	**tCO_2e**	**12,117**	**12,756**
Carbon reduction from Renewable Energy Guarantee of Origin certificates (REGOs)	tCO_2e	0	0
Total market-based carbon emissions	**tCO_2e**	**12,117**	**12,756**
Intensity ratio: Total gross emissions / Total turnover	**tCO_2e/£m**	**93.8**	**99.2**

Methodology

This report has been prepared following the GHG Reporting Protocol - Corporate Standard, and using the guidance set out in Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance – HM Government (March 2019).

Energy consumption data has been sourced from utility documents and invoices. Average cost of fuel for the year is used to estimate consumption where specific data was unavailable. The comparison to previous year has been completed using last year's data. The intensity ratios (tCO2e/£m) include emissions from all business divisions and overall group turnover.

Conversion from energy to emissions was completed by application of the relevant emissions factor from UK Government GHG Conversion Factors for Company Reporting for the appropriate year.

Strategic report *(continued)*

Environment and Streamlined Energy and Carbon Reporting (SECR) *(continued)*

Energy Efficiency Action

In the period covered by the report the group has committed resources to the following initiatives that are expected to result in energy and carbon savings.

- extended the use of HVO diesel for commercial collection vehicles at one waste depot, with expansion plans to trial across more of the commercial waste fleet in place.

- continuation of electric refuse collection vehicle trials.

- continuation of a replacement programme of older plant and equipment with more fuel-efficient alternatives.

- moving remote operations from diesel generators to grid connections.

- when refurbishment of workplace areas is required, replacing lighting with LED fittings.

- continued use of route-planning software to optimise journey distances and reduce overall road mileage.

- implementation of driver training to promote fuel-efficient driver practices.

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 the deployment of large display screens at operational sites to communicate key messages to as many staff as possible.

The group looks to include its employees in the development and application of health and safety policy and procedures whilst each operation has its own employee health and safety committee made up of appointed volunteers representing their work colleagues that meets at regular intervals. In addition, the group runs a near miss reporting scheme to allow employees to report in a quick and dynamic manner health and safety and environmental concerns to managers and supervisors for action and feedback.

The group's Wellbeing hub provides all employees access to information, guidance and trusted advice to help with managing mental health, physical health, financial matters, and lifestyle benefits . In this period the group 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. 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 disability. Where an employee becomes disabled whilst employed by the group, arrangements are made, wherever possible, to retrain them to enable them to perform a job identified as appropriate to their aptitude and abilities.

The group 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 group has introduced 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.

Wider engagement with customers, suppliers, stakeholders and the community

When making business decisions the group gives full consideration to minimising any possible negative impacts, whilst enhancing the positive impacts to the environment and community arising from its operations. The group operates a responsible purchasing policy that guides our business relationship with suppliers, contractors and business partners. This policy and supporting policies are published on the company's website.

Regular liaison meetings are held at our sites. These are attended by senior management, elected representatives of the local community, and other invited key stakeholders. The meetings discuss and feedback on our operations and are an important part of our stakeholder engagement programme. Details of these meeting and minutes of meetings are published on the Consult section of our website.

Strategic report *(continued)*

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 delegates authority for day-to-day management to executives of The Hills Group board and designated sub-committees that hold operational responsibility for engaging management in setting, approving and overseeing the execution of the business strategy and related policies. The Chairman of the company is a member of The Hills Group Board and reports to the directors of the company at each board meeting on the operational performance of the subsidiaries that make up the group.

The company also has regard to other factors which it considers relevant to the decision making process including operating subsidiaries engagement with regulatory authorities and involvement in industry trade bodies of which they are members.

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 to ensure that the decisions taken are consistent and adhere with the company core values.

Risk and compliance, legal, pensions, stakeholder-related matters, corporate responsibility, health and safety, and environmental compliance are reviewed at 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 presentations to the board by the chairman and chief executive and the consideration and discussion of reports sent to directors in advance of board 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 surrounding environment to our sites.

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 for use within the company and in public facing documents. Examples of the types of engagement with our employees and wider stakeholder base can be found in the Strategic Review on page 7 for employee involvement and wider engagement with customers, suppliers, stakeholders and the community. As a result of this the company's subsidiaries have an understanding of the nature of the stakeholders' concerns and, in compliance with the section 172 duty, help to promote 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 policy and investment plans. In making these decisions 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.

Strategic report *(continued)*

Outlook

The outlook for the business continues to be positive but as we have already indicated the short term economic and planning related issues will have an impact again this year. The waste business has seen some improvement in the current year and should benefit from more stable markets.

Our profit budget for the current financial year is less than £1 million due to the continuing market conditions faced by our Quarrying business and lack of available sales in our Housing business. As we near the end of the 1st half of the current financial year we are trading below budget and expect this to continue in advance of an improved performance in the 2026 / 27 year.

The Board will continue to monitor performance and events very closely and will take all the necessary actions to protect the future and wellbeing of our employees and the needs of the business.

By order of the board,

MP Hill
Chief Executive
27 November 2025

Directors' report

The directors present their report and the financial statements of the group and company for the year ended 30 April 2025.

Dividends

The directors do not propose a final dividend. During the year, dividends were paid in respect of the year ended 30 April 2025 of £2,397,000 *(2024: £2,397,000)*.

Directors

The directors who served during the year and to the date of this report were as follows:

Alan G Pardoe ACMA
Michael P Hill, Chairman
Bronia G Hill
Anna P Ozberk
Richard A Hill
Fiona Hill
Ian P Hill
Rosie M Hill

Political donations

During the year, the group made no political contributions *(2024: £nil)*.

Other information

An indication of employee involvement in the business, and likely future developments in the business, has been included in the Strategic Report on pages 2 to 9.

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 they ought to have taken as directors to make themselves 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

AGPardoe

AG Pardoe
Director

27 November 2025

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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 the directors have elected to prepare the group and company 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 group and company and of the profit or loss of the group 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 Hills UK Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2025 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hills UK Limited ("the Company") and its subsidiaries ("the Group") for the year ended 30 April 2025 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement 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 Group and 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 Group or 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 consolidated 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 Hills UK 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 Group and 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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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 Group's and 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 Group or 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 Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group'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.

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

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

Non-compliance with laws and regulations (continued)

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount 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, UK employment law, UK health and safety legislation and the UK Environment Act.

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 Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - 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 revenue recognition and 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;
- Considering the appropriateness of key estimates and judgements applied by management in the financial statements to assess their reasonableness and for existence of any systematic bias. This included consideration of the estimates and judgements taken in relation to the restoration and aftercare provisions, the defined benefit pension scheme and the valuation of investment properties;
- 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 Hills UK 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:
James Eastell
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).

Consolidated Profit and Loss Account
for the year ended 30 April 2025

	Note	2025 £000	2024 £000
Group turnover	2	**129,198**	128,671
Cost of sales		**(113,639)**	(108,391)
Gross profit		**15,559**	20,280
Distribution costs		**(4,888)**	(4,982)
Administrative expenses		**(10,283)**	(10,248)
Other operating income	3	**167**	305
Operating profit	4	**555**	5,355
Revaluation of investment properties		**112**	210
Interest receivable and similar income	6	**2,126**	410
Interest payable and similar charges	7	**(1,066)**	(1,140)
Profit before taxation		**1,727**	4,835
Tax on profit on ordinary activities	8	**(502)**	(1,318)
Profit for the financial year		**1,225**	3,517

The results from the current and prior year all arise from continuing operations.

The notes on pages 23 to 44 form an integral part of these financial statements.

Consolidated Statement of Other Comprehensive Income
for the year ended 30 April 2025

	Note	2025 £000	2024 £000
Profit for the financial year		**1,225**	3,517
Other comprehensive income			
Actuarial gains recognised in the pension scheme	*21*	**1,117**	1,568
Deferred tax arising on gains in the pension scheme	*21*	**(279)**	(392)
Other comprehensive income for the year, net of tax		**838**	1,176
Total comprehensive income for the year		**2,063**	4,693

The notes on pages 23 to 44 form an integral part of these financial statements.

Consolidated Balance Sheet
as at 30 April 2025

	Note	**2025**		2024	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*9*		**2,594**		2,543
Tangible assets	*10*		**57,153**		59,994
Investment property	*11*		**13,608**		7,676
Investments	*12*		**159**		159
Pension asset	*21*		**4,261**		2,176
			77,775		72,548
Current assets					
Stocks	*13*	**14,215**		11,030	
Debtors *(including £1,826,000 (2024: £2,477,000) due after more than one year)*	*14*	**32,675**		33,689	
Cash at bank and in hand		**12,692**		22,325	
		59,582		67,044	
Creditors: amounts falling due within one year	*15*	**(30,738)**		(28,079)	
Net current assets			**28,844**		38,965
Total assets less current liabilities			**106,619**		111,513
Creditors: amounts falling due after more than one year	*16*		**(3,421)**		(6,935)
Provision for liabilities					
Deferred taxation	*20*	**(6,263)**		(5,458)	
Other provisions	*19*	**(15,026)**		(16,877)	
			(21,289)		(22,335)
Net assets			**81,909**		82,243
Capital and reserves					
Called up share capital	*22*		**1,331**		1,331
Share premium	*23*		**118**		118
Capital redemption reserve	*24*		**290**		290
Profit and loss account			**80,170**		80,504
Shareholders' funds			**81,909**		82,243

The notes on pages 23 to 44 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:

AG Pardoe
Director

Registered number - 530623

Company Balance Sheet
as at 30 April 2025

	Note		2025		2024
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*27*		**3**		3
Tangible assets	*28*		**7,539**		7,664
Investment property	*29*		**13,017**		7,078
Investments	*30*		**113**		263
Pension asset	*21*		**4,261**		2,176
			24,933		17,184
Current assets					
Debtors *(including £125,000 (2024: £125,000) due after more than one year)*	*31*	**18,366**		15,480	
Cash at bank and in hand		**12,401**		21,955	
		30,767		37,435	
Creditors: amounts falling due within one year	*32*	**(17,877)**		(18,507)	
Net current assets			**12,890**		18,928
Total assets less current liabilities			**37,823**		36,112
Provisions for liabilities					
Deferred taxation	*33*		**(1,158)**		(692)
Net assets			**36,665**		35,420
Capital and reserves					
Called up share capital	*22*		**1,331**		1,331
Share premium	*23*		**118**		118
Capital redemption reserve	*24*		**290**		290
Profit and loss account			**34,926**		33,681
Shareholders' funds			**36,665**		35,420

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the company for the year was £2,804,000 *(2024 £2,674,000)*.

The notes on pages 23 to 44 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:

AGPardoe

AG Pardoe
Director

Consolidated Statement of Changes in Equity
as at 30 April 2025

	Called up share capital	Share premium account	Other reserves	Profit & loss account	Total shareholder equity
	£000	£000	£000	£000	£000
Balance at 1 May 2023	1,331	118	290	78,208	79,947
Total comprehensive income for the period					
Profit	-	-	-	3,517	3,517
Other comprehensive income	-	-	-	1,176	1,176
Total comprehensive income for the period	-	-	-	4,693	4,693
Dividends paid	-	-	-	(2,397)	(2,397)
Balance at 30 April 2024	**1,331**	**118**	**290**	**80,504**	**82,243**
Balance at 1 May 2024	1,331	118	290	80,504	82,243
Total comprehensive income for the period					
Profit	-	-	-	1,225	1,225
Other comprehensive income	-	-	-	838	838
Total comprehensive income for the period	-	-	-	2,063	2,063
Dividends paid	-	-	-	(2,397)	(2,397)
Balance at 30 April 2025	**1,331**	**118**	**290**	**80,170**	**81,909**

The notes on pages 23 to 44 form an integral part of these financial statements.

Company Statement of Changes in Equity
as at 30 April 2025

	Called up share capital	Share premium account	Other reserves	Profit & loss account	Total shareholder equity
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 May 2023	1,331	118	290	32,228	33,967
Total comprehensive income for the period					
Profit	-	-	-	2,674	2,674
Other comprehensive income	-	-	-	1,176	1,176
Total comprehensive income for the period	-	-	-	3,850	3,850
Dividends paid	-	-	-	(2,397)	(2,397)
Balance at 30 April 2024	**1,331**	**118**	**290**	**33,681**	**35,420**
Balance at 1 May 2024	1,331	118	290	33,681	35,420
Total comprehensive income for the period					
Profit	-	-	-	2,804	2,804
Other comprehensive income	-	-	-	838	838
Total comprehensive income for the period	-	-	-	3,642	3,642
Dividends paid	-	-	-	(2,397)	(2,397)
Balance at 30 April 2025	**1,331**	**118**	**290**	**34,926**	**36,665**

The notes on pages 23 to 44 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 30 April 2025

	Note	**2025** **£000**	2024 £000
Cash flows from operating activities			
Profit for the year		**1,225**	3,517
Adjustments for:			
Depreciation	*10*	**8,180**	8,263
Amortisation	*9*	**14**	15
Interest receivable and similar income	*6*	**(2,126)**	(410)
Interest payable and similar charges	*7*	**1,066**	1,140
Revaluation of investment property	*11*	**(112)**	(210)
Profit on sale of tangible fixed assets	*3*	**(167)**	(305)
Taxation expense	*8*	**502**	1,318
Difference between benefit pension scheme cost and cash paid	*21*	**(830)**	(692)
Decrease in trade and other debtors	*14*	**145**	3,494
(Increase) / decrease in stocks	*13*	**(3,185)**	178
(Decrease) / increase in trade and other creditors	*15*	**(949)**	508
Cash from operations		**3,763**	16,816
Interest paid	*7*	**(676)**	(783)
Tax refunded (paid)		**893**	(1,151)
Net cash from operating activities		**3,980**	14,882
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets and investment property		**764**	319
Payments to acquire intangible assets		**(65)**	-
Interest received	*6*	**540**	397
Acquisition of tangible fixed assets and investment property		**(12,549)**	(7,187)
Net cash used in investing activities		**(11,310)**	(6,471)
Cash flows from financing activities			
Proceeds from new loans		**1,500**	-
Drawdown (repayment) of bank borrowings		**1,356**	(1,567)
Repayment of amounts owed under finance leases		**(2,762)**	(3,267)
Dividends paid	*25*	**(2,397)**	(2,397)
Net cash used in financing activities		**(2,303)**	(7,231)
Net (decrease) / increase in cash and cash equivalents above		**(9,633)**	1,180
Cash and cash equivalents at 1 May		**22,325**	21,145
Cash and cash equivalents at 30 April	*17*	**12,692**	22,325

The notes on pages 23 to 44 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

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

These Group and parent company 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 parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- no separate parent company cash flow statement with related notes is included;
- key management personnel compensation has not been included a second time: and
- the reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time.

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 37.

Measurement convention

The financial statements are prepared on the historical cost basis, except for investment properties which are measured at fair value.

Going concern

The accounts have been prepared on the going concern basis as the directors consider this to be appropriate based on a profit for the year of £1,225,000 and net current assets of £28,844,000 for the group. It is also considered appropriate for the company based on a profit for the year of £2,804,000 and net current assets of £12,890,000.

The directors have prepared cash flow forecasts for 17 months from the date of approval of these financial statements which indicate that the group and company will have sufficient funds to meet liabilities as they become due. The assessment has been made with regards to the renewal of the group's borrowing facilities as disclosed in note 17.

At the date of this report there has been a reduction in the level of inflation in the UK's economy which is easing the cost of living crisis.

The group's businesses are affected by the economic instability differently dependent on the sector in which they trade.

Hills Waste Solution Limited and Hills Municipal Collections Limited experienced relatively stable conditions in 2025 but could face significant increased costs resulting from rises in fuel costs and other inflationary pressure. The business will normally be able to increase prices to mitigate any increases.

Hills Quarry Products Limited was more impacted by increases in repair costs and downtime rather than inflation in 2025. Over the term of our forecast, it is possible that fuel costs could rise. Usually, the business will be able to increase prices to mitigate this but ultimately this will be determined by market forces. This business has also been impacted by the wetter than normal weather affecting production and costs have increased at Cerney Wick Quarry in the Cotswold Water Park as a result.

Hills Homes Development Limited will see sales over the forecast period restricted by lack of building starts rather than the market conditions which look like being favourable in 2026. Once the planning logjam is freed, then there is a risk that there could be capacity issues within the industry that will put pressure on costs.

In preparing the forecasts the directors have considered the impact on the forecasts of the current UK economic environment. The forecasts do not indicate that the group would have insufficient funds to meet its liabilities as they fall due or fail to comply with its banking covenants. Consequently, the Directors are confident that the group and 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 to the financial statements *(continued)*

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 April 2025.
A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the company takes into consideration potential voting rights that are currently exercisable. An associate is an entity in which the group has significant influence, but not control, over the operating and financial policies of the entity. Significance influence is presumed to exists when the investors holds between 20% and 50% of the equity voting rights. A joint venture is a contractual arrangement undertaking in which the group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method. Where a group company is party to a joint venture which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Landfill tax

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

Intangible fixed assets

Intangible fixed assets are capitalised and amortised to nil in equal instalments over their estimated useful life of 5 years, in accordance with FRS 102.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at 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.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	-	over 50 years
Leasehold land and buildings	-	over the lease term
Plant and machinery	-	over 3 to 10 years
Fixtures and fittings	-	over 5 years

Cost includes directly attributable finance costs.
Depreciation is provided on the cost less residual value of freehold aggregate bearing land on the basis of extraction of aggregates. The cost less residual value of landfill sites is depreciated over the estimated life of the site on the basis of the usage of void space. The cost of aggregate bearing land and landfill sites includes acquisition and commissioning costs, engineering works and the discounted cost of final site restoration and post-closure aftercare costs.

An impairment review is performed if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable in full. Any impairment is measured by comparing the carrying value of the asset with its recoverable amount. The recoverable amount is the higher of the net realisable value or the value in use. To the extent that the carrying value exceeds the recoverable amount an impairment loss is recognised in the profit and loss account. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the profit and loss account.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Investments

In the company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

Goodwill

Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the goodwill is 10 years or the contract period where associated with a particular project.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Investment properties subsequent to initial recognition

The major investment properties, as per note 11, are remeasured to fair value at the reporting date by appropriately qualified external valuers. Smaller value investment properties are similarly revalued on a cyclical basis and then reviewed annually by the directors. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

Properties rented to another group entity

Investment properties rented to another group entity are transferred to property, plant and equipment, and measured applying the cost model. The deemed cost on transfer is the fair value at the date of the transfer.

Stocks

Inventories are stated at the lower of cost and net realisable value. Cost, in relation to work in progress and show homes compromises direct materials and, where applicable, direct labour costs and those overheads, not including any general administrative overheads, that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and overheads.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Regular reviews are carried out to identify any impairment in the value of the land by comparing the total estimated selling process less estimated selling expenses against the book cost of the land plus estimated costs to complete. Provision is made for any irrecoverable amounts.

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 group and company's cash management.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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; and differences relating to investments in subsidiaries, 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

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 expenses include interest payable, finance expenses 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.

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 entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Post-retirement benefits

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group by the scheme trustees.

Pension scheme assets are measured using market values. For quoted securities, the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The group also operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from the group in independently administered funds.

In addition to the above schemes, the company also contributes to the personal pension schemes of certain employees and directors. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Further details of specific accounting treatment are included in note 21.

Provisions for restoration and aftercare costs

The expected costs of the restoration and aftercare of landfill sites and aggregate 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 4.8% *(2024: 4.2%)* with a long-term inflation assumption of 2% *(2024: 2%)* producing a net discount rate of 2.8% *(2024: 2.2%)*. The unwinding of the discount is included within interest payable. Tangible fixed assets are created for the elements of the provision which confer a future economic benefit with the remainder being expensed through the profit and loss account. The capitalised 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. Restoration and aftercare costs are then subsequently charged to the provisions as the expense is incurred.

Dividends on shares presented within equity

Dividends are only recognised as a liability 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 and segmental reporting

Turnover represents the amounts (excluding value added tax) derived from the provision of waste management and recycling services, the sale of aggregates and ready mixed concrete, the provision of haulage services, the sale of residential properties, and the rental of properties.

Turnover is recognised on despatch of goods or provision of services. Turnover arising on sale of open market residential properties is recognised on legal completion.

Turnover is derived wholly from operations within the United Kingdom, all being sales to third parties.

Analysis by activity:	**2025**	2024
	£000	£000
Quarry products	**39,989**	41,937
Waste management and recycling	**81,281**	75,110
Property and Homes Development (including property rental)	**7,928**	11,624
	129,198	128,671

Notes to the financial statements *(continued)*

3 Other income

	2025 £000	2024 £000
Net gain on disposal of tangible fixed assets and investment properties	**167**	305
	167	305

4 Expenses and auditor's remuneration

Included in profit are the following:

	2025 £000	2024 £000
Depreciation of owned fixed assets	**6,242**	5,669
Depreciation of fixed assets held under finance leases	**1,938**	2,594
Amortisation of intangible assets	**14**	15
Short term hire – plant and machinery and vehicles	**2,225**	1,731
Operating lease rentals – land buildings, vehicles and office equipment	**4,469**	4,668
(Profit) on sale of tangible fixed assets and investment properties	**(167)**	(305)
Rent receivable	**(883)**	(674)

Research and development expenditure of £65,000 (*2024: £3,000*) has been added to intangible assets in the year ending 30 April 2025.

Auditor's remuneration

	2025 £000	2024 £000
Audit of these financial statements	**34**	31
Amounts receivable by the Company's auditor and its associates in respect of;		
Audit of financial statements of subsidiaries of the company	**141**	131
Taxation compliance and other services	**48**	58
	223	220

Notes to the financial statements *(continued)*

5 Staff costs and directors' emoluments

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

	2025 £000	2024 £000
Wages and salaries	**24,403**	23,895
Social security costs	**2,511**	2,366
Other pension costs	**1,903**	1,811
	28,817	28,072

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

	2025 No.	2024 No.
Site based employees	**517**	525
Administration and sales staff	**203**	207
	720	732

Directors' emoluments

	2025 £000	2024 £000
Emoluments (including contributions to defined contribution pension schemes)	**378**	471
Highest paid director:		
Emoluments	**246**	278
Contributions to defined contribution pension schemes	**29**	28
	275	306

Number of directors accruing benefits in company pension schemes:

	2025 No.	2024 No.
Defined contribution schemes	**1**	1

6 Interest receivable and similar income

	2025 £000	2024 £000
On cash at bank	**330**	378
On corporation tax payments	**162**	-
Other interest received	**48**	19
Change in discount rate on provision for site restoration (see note 19)	**1,448**	-
Notional interest on defined benefit scheme	**138**	13
	2,126	410

The amount received in cash above was £540,000 (*2024:£397,000*).
The total credit in respect the change to the discount rate used in the restoration provision was £1,729,000 in the year as shown in note 19. The remaining £281,000 has been credited to the fixed asset for restoration.

Notes to the financial statements *(continued)*

7 Interest payable and similar charges

	2025 £000	2024 £000
Bank loans and overdrafts	**361**	410
Other loans	**5**	6
On finance leases and hire purchase contracts	**310**	367
Unwind of the discounted amount of provision for site reinstatement (see note 19)	**390**	357
	1,066	1,140

The amount paid in cash above was £676,000 (*2024: £783,000*).

8 Taxation – group

Total tax charge recognised in the profit and loss account;

	2025 £000	2024 £000
Analysis of charge in the year		
Current tax:		
UK corporation tax on profits of the year	-	166
Adjustments in respect of previous years	**(24)**	(36)
Total current tax	**(24)**	130
Deferred tax (see note 20)		
Origination and reversal of timing differences	**528**	1,385
Adjustments in respect of previous years	**(2)**	(197)
Total deferred tax	**526**	1,188
Total tax	**502**	1,318

Total tax charge recognised in the financial statements:

	2025 £000 Current tax	2025 £000 Deferred tax	2025 £000 Total tax	2024 £000 Current tax	2024 £000 Deferred tax	2024 £000 Total tax
Recognised in :-						
Profit and loss account	**(24)**	**526**	**502**	130	1,188	1,318
Other comprehensive income	-	**279**	**279**	-	392	392
Total tax	**(24)**	**805**	**781**	130	1,580	1,710

Notes to the financial statements *(continued)*

8 Taxation – group *(continued)*

Factors affecting tax charge for the year

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

	2025 £000	2024 £000
Profit for the year	**1,225**	3,517
Total tax expense	**502**	1,318
Profit on ordinary activities before tax	**1,727**	4,835
Standard rate of corporation tax in the UK 25% *(2024: 25%)*		
Profit on ordinary activities multiplied by the standard rate of corporation tax	**432**	1,209
Effects of:		
Expenses not deductible for tax purposes	**217**	211
Chargeable gains	**237**	-
Non taxable income	**(28)**	(52)
Fixed assets differences	**(360)**	48
Adjustments in respect of prior periods	**(24)**	(36)
Adjustments in respect of prior periods – deferred tax	**(2)**	(197)
Adjustments in respect of changes to rate of deferred tax on opening balances	**30**	135
Total tax expense included in the profit or loss	**502**	1,318

Factors that may affect future tax charges

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

9 Intangible fixed assets – group

	Pre-Contract costs £000	Registered Trademarks £000	Goodwill £000	Total £000
Cost				
At 1 May 2024	2,434	25	503	2,962
Additions	65	-	-	65
At 30 April 2025	2,499	25	503	3,027
Amortisation				
At 1 May 2024	-	22	397	419
Provided during the year	-	-	14	14
At 30 April 2025	-	22	411	433
Net book value				
At 30 April 2025	**2,499**	**3**	**92**	**2,594**
At 30 April 2024	2,434	3	106	2,543

The intangible fixed assets related to registered trademarks, which are being written off over their estimated life of 5 years, goodwill arising on acquisition of concrete assets which is being written off over an estimated economic life of 10 years, and pre-contract costs in relation to a fuel supply agreement with Northacre Renewal Energy Ltd which will be expensed on a per tonnage basis over the 10 year contract life.

Notes to the financial statements *(continued)*

9 Intangible fixed assets – group *(continued)*

Amortisation and impairment charge
The amortisation is recognised in the following line item in the profit and loss account:

	2025	2024
	£000	£000
Administrative expenses	14	15
	14	15

There has been no impairment, or impairment reversal, in the year (*2024: £nil*).

10 Tangible fixed assets - group

	Freehold land and buildings	Plant and Machinery and Motor vehicles	Furniture, fittings, tools and equipment	Total
	£000	£000	£000	£000
Cost				
At 1 May 2024	80,442	71,737	5,009	157,188
Additions	1,391	4,148	397	5,936
Transfers from investment property	-	-	-	-
Disposals	(6,471)	(8,917)	(541)	(15,929)
At 30 April 2025	**75,362**	**66,968**	**4,865**	**147,195**
Depreciation				
At 1 May 2024	44,647	48,492	4,055	97,194
Charge for the year	2,956	4,809	415	8,180
On disposals	(5,876)	(8,916)	(540)	(15,332)
At 30 April 2025	**41,727**	**44,385**	**3,930**	**90,042**
Net book value				
At 30 April 2025	**33,635**	**22,583**	**935**	**57,153**
At 30 April 2024	35,795	23,245	954	59,994

Carrying amount of land and buildings on costs basis is £33,635,000 *(2024: £35,795,000)*.

There has been no impairment, or impairment reversals, in the year (*2024: £nil*)

Included within land and buildings is a cost of £13,930,000 (*2024: £13,992,000*) and associated accumulated depreciation of £10,133,000 (*2024: £9,601,000*) relating to the restoration asset which represents the discounted cost of the site restoration and post-closure aftercare items.

Included in the total net book value of fixed assets is £5,601,000 *(2024: £7,137,000)* in respect of assets held under finance leases and similar hire purchase contracts. Depreciation on these assets was £1,938,000 *(2024: £2,594,000)*.

The fixed assets owned under hire purchase contracts and finance leases carry financial obligations (see note 18).

Notes to the financial statements *(continued)*

11 Investment property - group

	Investment property £000
Cost	
At 1 May 2024	7,676
Additions	5,820
Transfers to tangible fixed assets	-
Disposals	-
Revaluation	112
At 30 April 2025	13,608

The historic cost of these investment properties was £9,715,000 *(2024: £3,895,000)*.

The addition in the year was of land at Westbury which will be the site of the Northacre Renewable Energy plant. The property was valued externally as at 30 April 2025 by Eddisons, Chartered surveyors, in accordance with the RICS Appraisal and Valuation Manual.

The property at County Park was valued externally as at 30 April 2025 by Eddisons, Chartered Surveyors, in accordance with the RICS Appraisal and Valuation Manual.

The properties at Purton were valued externally by Eddisons, Chartered Surveyors at 30 April 2025, also in accordance with the RICS Appraisal and Valuation Manual.

The three residential dwellings included in investment properties were revalued externally at 30 April 2025 by D J Newport FRICS, registered valuer. The remaining investment properties were revalued by AG Pardoe, a director of Hills UK Limited, at 30 April 2025 on an open market basis.

12 Investments -group

	Shares in unlisted undertakings £000
Cost	
At 1 May 2024	159
Additions	-
At 30 April 2025	159

The undertakings in which the group's and the company's interest at the year end is more than 20% are as follows:

Company	Country of registration or incorporation	Shares held		Country of Incorporation	Aggregate of capital and reserves	Profit or loss for year
Subsidiary undertakings		**Class**	**%**		**£000**	**£000**
The Hills Group Limited	England and Wales	Ordinary	100	UK	2,014	1,998
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 Municipal Collections Limited	England and Wales	Ordinary	100	UK	127	20
Estrada Grande Limited	England and Wales	Ordinary	100	UK	355	(7)
Hills Haulage Limited	England and Wales	Ordinary	100	UK	266	-
Hills Homes Developments Limited	England and Wales	Ordinary	100	UK	11,824	509
Hills West Midlands Limited	England and Wales	Ordinary	100	UK	50	-
Able Waste Management Limited	England and Wales	Ordinary	100	UK	204	-
Hills NRE Limited	England and Wales	Ordinary	100	UK	150	-

Notes to the financial statements *(continued)*

13 Stocks – group

	2025 £000	2024 £000
Raw materials and consumables	**1,226**	1,173
Work in progress	**12,989**	9,857
	14,215	11,030

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £15,709,000 *(2024: £17,315,000)* in the Group and £nil *(2024: £nil)* in the Company.

Raw materials, consumables and changes in finished goods and work in progress recognised in distribution costs in the year amounted to £1,888,000 *(2024: £2,120,000)* in the Group and £nil *(2024: £nil)* in the Company.

The total carrying amount of stocks pledged as security for liabilities in the year amounted to £12,989,000 *(2024: £9,857,000)* in the Group and £nil *(2024: £nil)* in the Company.

14 Debtors – group

	2025 £000	2024 £000
Trade debtors	**19,536**	16,272
Corporation tax	**1,925**	2,794
Other debtors	**995**	3,972
Prepayments and accrued income	**10,219**	10,651
	32,675	33,689

Amounts due after more than one year included in other debtors is £nil *(2024: £nil)*.
Amounts due after more than one year included in prepayments and accrued income is £1,826,000 *(2024: £2,289,000)*.

15 Creditors: amounts falling due within one year – group

	2025 £000	2024 £000
Bank loans and overdrafts (note 17)	**7,273**	2,617
Obligations under finance leases and hire purchase contracts (note 18)	**2,667**	2,737
Trade creditors	**7,894**	10,496
Other taxes and social security costs	**7,429**	6,988
Other creditors	**68**	196
Accruals and deferred income	**5,407**	5,045
	30,738	28,079

16 Creditors: amounts falling due after one year – group

	2025 £000	2024 £000
Bank loans and overdrafts (note 17)	**-**	1,800
Accruals and deferred income	**576**	-
Obligations under finance lease and hire purchase contracts (note 18)	**2,845**	5,135
	3,421	6,935

Notes to the financial statements *(continued)*

17 Net Debt and Loans - group

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

Net debt

The below is an analysis of changes in net debt of the Group from the beginning to the end of the current reporting period:

Group	Borrowings due within one year	Borrowings due after one year	Obligations under finance lease liabilities	**Subtotal**	Cash and cash equivalents	**Net cash**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Net debt analysis						
Balance at 1 May 2024	2,617	1,800	7,872	12,289	22,325	10,036
Cash flows	2,856	-	(2,762)	94	(9,633)	(9,727)
Non cash movements	1,800	(1,800)	402	402	-	(402)
Balance at 30 April 2025	**7,273**	-	**5,512**	**12,785**	**12,692**	**(93)**

Interest bearing loans and borrowings

	2025	2024
	£000	£000
Creditors falling due after more than one year		
Bank loans	-	1,800
Finance lease liabilities	**2,845**	5,135
	2,845	6,935
Creditors falling due within less than one year		
Bank loans	**7,273**	2,617
Finance lease liabilities	**2,667**	2,737
	9,940	5,354

Bank Loans

Loans repayable within five years include:		
Medium term development loan	**3,300**	1,800
Invoice discounting facilities	**3,973**	2,617
	7,273	4,417

Analysis of maturity of debt:		
Within one year or on demand	**7,273**	2,617
Within one and two years	-	1,800
Between two and five years	-	-
	7,273	4,417

The medium term development loan of £3,300,000 *(2024: £1,800,000)* is secured on developments in progress and other capital assets of the group under a revolving credit facility of up to £20,000,000 which expires on of 8th November 2025. Post the balance sheet date the facility has been renewed for 5 years to expire on 26th November 2030. Interest is payable on the loan at a margin of 1.75% above SONIA *(2024: 1.75% above SONIA)*. The invoice discounting facility for working capital requirements of £3,973,000 *(2024: £2,617,000)* is secured by an all assets debenture and is available to finance the trade debtors of Hills Waste Solutions Limited and Hills Quarry Products Limited under facilities that ran for a minimum term until June 2019. Thereafter the facility runs on with six months' notice of cancellation. Interest is payable on the loan at a margin of 1.4% above UK Base Rates.

Notes to the financial statements *(continued)*

18 Obligations under finance leases and hire purchase – group

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

	2025 £000	2024 £000
Amounts payable:		
Within one year	**2,849**	3,004
In the second to fifth years	**2,998**	5,426
	5,847	8,430

19 Provisions for liabilities – group

Site restoration and aftercare reserve

	2025 £000	2024 £000
At 1 May	**16,877**	15,067
Provided in the year	**604**	2,616
Amounts utilised in the year	**(1,116)**	(1,163)
Change in discount rate used (note 6)	**(1,729)**	-
Discount unwind for the year (note 7)	**390**	357
At 30 April	**15,026**	16,877

The site restoration and aftercare provision is an estimation of the likely restoration and aftercare costs in today's terms for the cost of restoring landfill sites and quarries and then managing them through relevant aftercare periods. This aftercare period is 60 years for landfill sites and typically 5 to 10 years for quarries.

The major cost items and areas of uncertainty are discussed in note 37, Accounting estimates and judgements.

The restoration and aftercare provision required is sensitive to the long-term discount rate and long term inflation rate assumption used. These provisions are discounted from the date on which the expenditure is expected to occur. A discount rate of 4.8% *(2024: 4.2%)* and an inflation rate of 2.0% *(2024: 2.0%)* have been used to discount the future costs to their present value to produce an effective net discount rate of 2.8% (*2024: 2.2%*).

20 Deferred taxation - group

Deferred tax assets and liabilities are attributable to the following:

Group	**(Assets)**		**Liabilities**		**Net**	
	2025 £000	2024 £000	**2025 £000**	2024 £000	**2025 £000**	2024 £000
Other timing differences	**(14)**	(352)	**212**	-	**198**	(352)
Tax gains (losses) cfwd	**(257)**	-	**-**	-	**(257)**	-
Accelerated capital allowances	**(18)**	(24)	**5,275**	5,292	**5,257**	5,268
Deferred tax on defined benefit pension asset	**-**	-	**1,065**	542	**1,065**	542
Tax (assets) / liabilities	**(289)**	(376)	**6,552**	5,834	**6,263**	5,458

The provision for deferred taxation has not been discounted.

Notes to the financial statements *(continued)*

21 Pension schemes

Defined contribution pension schemes - group

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £1,888,000 *(2024: £1,792,000)*.

At 30 April 2025 contributions amounting to £nil *(2024: £137,000)* were payable to the scheme.

The group also contributes to the personal pension schemes of certain employees and directors. The amount charged to the profit and loss account for the year was £15,000 *(2024: £19,000)*.

The total charge to the group for the above schemes in the year was £1,903,000 *(2024: £1,811,000)*.

Defined benefit scheme - group and company

As set out in note 1 the group operates The Hills Group Limited Retirement Benefit Plan (1973) ("the plan"), a pension scheme providing benefits based on final pensionable pay. The full actuarial valuation of the plan was carried out as at 1 July 2023. This was updated to 30 April 2025 and at 30 April 2024 by a qualified independent actuary.

	2025	2024
	£000	£000
Present value of defined benefit obligations	**(18,002)**	(19,404)
Fair value of plan assets	**22,263**	21,580
Surplus	**4,261**	2,176
Related deferred tax liability (note 20)	**(1,065)**	(542)
Net asset	**3,196**	1,634

The asset was recognised in these accounts because the group has the right to recover any surplus in the scheme through reduced contributions and return of residual surplus.

The full actuarial valuation as at 1 July 2023 for statutory funding purposes was completed on 23rd September 2024 and showed scheme assets of £28,479,000 and scheme liabilities of £30,891,000, resulting in a statutory funding deficit of £2,412,000. The amount expected to be contributed to the scheme by the group in the year following the year end is £140,000.

Movements in present value of defined benefit obligation

	2025	2024
	£000	£000
At 1 May	**(19,404)**	(20,585)
Past service cost	**-**	-
Interest cost	**(1,002)**	(1,007)
Actuarial gains	**1,422**	1,309
Benefits paid	**982**	879
At 30 April	**(18,002)**	(19,404)

Notes to the financial statements *(continued)*

21 Pension schemes *(continued)*

Defined benefit scheme - group and company (continued)

Movements in fair value of plan assets

	2025	2024
	£000	£000
At 1 May	**21,580**	20,488
Interest income	**1,140**	1,020
Actuarial (loss)/gain on plan assets	**(305)**	259
Contributions by employer	**830**	692
Benefits paid	**(982)**	(879)
At 30 April	**22,263**	21,580

Expense recognised in the profit and loss account

	2025	2024
	£000	£000
Interest on defined benefit pension plan obligation	**1,002**	1,007
Expected return on defined benefit pension plan assets	**(1,140)**	(1,020)
Total (credit) (note 6)	**(138)**	(13)

The scheme has been closed to the accrual of further benefits since 1 July 2017.

The fair value of the plan assets and the return on those assets were as follows:

	2025	2024
	Fair value	Fair value
	£000	£000
Equities	**11,292**	10,859
Bonds and Gilts	**9,136**	8,861
Diversified Growth and hedge funds	**1,622**	1,655
Insured pensions	**201**	201
Cash	**12**	4
	22,263	21,580

The allocation of total scheme assets by category in percentage terms was:

	2025	2024
Equities	**51%**	50%
Bonds	**41%**	41%
Diversified Growth and hedge funds	**7%**	8%
Insured Pensions	**1%**	1%
Cash	**-%**	-%

Notes to the financial statements *(continued)*

21 Pension schemes *(continued)*

Defined benefit scheme - group and company (continued)

The principal actuarial assumptions used in the valuations for FRS 102 were:

	2025	2024
Discount rate	**5.7%**	5.3%
Inflation assumption	**3.0%**	3.3%
Limited price indexation	**2.6%**	2.9%
Deferred pension revaluation	**2.6%**	2.9%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	2025	2024
For a male member aged 65	**21.7**	21.7
At 65 for a male member aged 45 now	**23.1**	23.0
For a female member aged 65	**23.9**	23.8
At 65 for a female member aged 45 now	**25.4**	25.3

The mortality assumptions used for the scheme valuation are 96% of S3PMA tables for males and 94% of S3PFA_M tables for females with future improvement in line with the CMI 2023 model giving a long-term improvement rate of 1.25% for males and females.

22 Share capital - group and company

	2025	2024
	£000	£000
Allotted, called up and fully paid		
1,331,484 ordinary shares of £1 each (*2024:* 1,331,484)	**1,331**	1,331

23 Share premium - group and company

	2025	2024
	£000	£000
At beginning and end of year	**118**	118

24 Capital redemption reserve - group and company

	2025	2024
	£000	£000
At beginning and end of year	**290**	290

Notes to the financial statements *(continued)*

25 Dividends paid - group and company

	2025	2024
	£000	£000
Dividends for which the company became liable during the year:		
Interim dividend paid July 2024 at 45p per share *(July 2023: 45p)*	**599**	599
Interim dividend paid October 2024 at 45p per share *(October 2023:45p)*	**599**	599
Interim dividend paid January 2025 at 45p per share *(January 2024: 45p)*	**599**	599
Interim dividend paid April 2025 at 45p per share *(April 2024: 45p)*	**600**	600
Total dividends paid re current year	**2,397**	2,397
Analysis of dividends by type:		
Dividends paid on shares classified as shareholders' funds	**2,397**	2,397

26 Commitments

Commitments under operating leases - group and company

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

	Land and buildings	**Other**	Land and buildings	Other
	2025	**2025**	2024	2024
	£000	**£000**	£000	£000
Not later than one year	**2,557**	**895**	1,708	399
Later than one year and not later than five years	**9,024**	**2,146**	6,240	25
Later than five years	**1,630**	**637**	3,099	-
	13,211	**3,678**	11,047	424

The company had no commitments under non-cancellable operating leases as at the balance sheet date.

Capital Commitments – group

	2025	2024
	£000	£000
Amounts contracted for but not provided in the financial statements	**6,389**	1,062

As at the year end, the group had exchanged contracts to acquire land in Kingsdown, Swindon. The total committed expenditure is £5,670,000.

Notes to the financial statements *(continued)*

27 Intangible fixed assets - company

	Registered trade marks £000
Cost	
At 1 May 2024	25
Additions during the year	-
At 30 April 2025	**25**
Amortisation	
At 1 May 2024	22
Provided during the year	-
At 30 April 2025	**22**
Net book value	
At 30 April 2025	**3**
At 30 April 2024	3

The intangible fixed assets related to registered trademarks, which are being written off over their estimated life of 5 years.

There has been no impairment, or impairment reversal, in the year *(2024: £nil*).

28 Tangible fixed assets - company

	Land and buildings £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost				
At 1 May 2024	8,520	24	498	9,042
Additions	342	-	-	342
Disposals	(295)	-	-	(295)
At 30 April 2025	**8,567**	**24**	**498**	**9,089**
Depreciation				
At 1 May 2024	1,118	24	236	1,378
Charge for the year	112	-	60	172
At 30 April 2025	**1,230**	**24**	**296**	**1,550**
Net book value				
At 30 April 2025	**7,337**	**-**	**202**	**7,539**
At 30 April 2024	7,402	-	262	7,664

Carrying amount of land and buildings on cost basis is £7,337,000 *(2024: £7,402,000)*.

Notes to the financial statements *(continued)*

29 Investment properties - company

	Total £000
At 1 May 2024	7,078
Additions	5,820
Revaluation	119
Disposals	-
Transfers from tangible fixed assets	-
At 30 April 2025	13,017

The basis of valuation is set out in notes 1 and 11.
The historic cost of these investment properties is £9,477,000 *(2024: £3,657,000)*.

30 Investments - company

	Investments in subsidiary undertakings £000	Other investments £000	Total £000
Cost			
At 1 May 2024	254	9	263
Transfer to group company	(150)	-	(150)
At 30 April 2025	**104**	**9**	**113**

There were no impairments of the company's investments during the year.

The principal subsidiary undertakings of the company, which are incorporated in Great Britain, are as follows:

Company	Principal activity	Class	Shares held %
The Hills Group Limited	Holding company	Ordinary	100
Hills Municipal Collections Ltd	Municipal waste collection services	Ordinary	100
Estrada Grande Limited	Property holding company	Ordinary	100
Hills Haulage Ltd	Non trading	Ordinary	100
Hills West Midlands Ltd	Non trading	Ordinary	100

The results of the above group undertakings have been included in the consolidated accounts of the group.

31 Debtors – company

	2025 £000	2024 £000
Trade debtors	**157**	146
Amounts owed by group undertakings	**14,766**	11,052
Other debtors	**870**	861
Prepayments and accrued income	**503**	312
Corporation tax	**2,070**	3,109
	18,366	15,480

Amounts due after more than one year included in prepayments and accrued income is £125,000 *(2024: £125,000)*.

Notes to the financial statements *(continued)*

32 Creditors: amounts falling due within one year - company

	2025 £000	2024 £000
Trade creditors	**158**	114
Amounts owed to group undertakings	**15,628**	17,472
Other taxes and social security costs	**16**	16
Other creditors	**68**	196
Accruals and deferred income	**2,007**	709
	17,877	18,507

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

33 Deferred taxation - company

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	**-**	-	**93**	149	**93**	149
Pension Scheme	**-**	-	**1,065**	544	**1,065**	544
Other timing differences	**-**	(1)	**-**	-	**-**	(1)
Tax assets / (liabilities)	**-**	(1)	**1,158**	693	**1,158**	692

34 Related party transactions

Kingshill Developments Limited

Kingshill Developments Limited is a related party by virtue of common directorships. A loan of £1,959,000 *(2024: £1,959,000)* exists with Kingshill Developments Limited. This amount has been fully provided in these accounts.

Transactions with key management personnel

The loans made by AN Hill, a former director and shareholder of the company, and his wife at the start of the year totalling £130,000 were repaid in the year. The company paid interest at a rate of 1.1% above the prevailing Bank of England interest rate on these loans.

Total amounts paid to key management personnel in the year (including directors' remuneration) amounts to £468,000 *(2024: £561,000)*

Dividends paid to directors were £722,000 *(2024: £722,000)*

35 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, The Hills Group Limited, Kingshill Developments Limited, County Homes (Wessex) Limited, Hills Homes Developments Limited, Hills Municipal Collections Limited, Hills (West Midlands) Limited, and Able Waste Management Limited.

36 Ultimate controlling party

Hills UK Limited is a private company with no ultimate controlling party.

Notes to the financial statements *(continued)*

37 Accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Key sources of estimation uncertainty and judgement

Net realisable value of stock

The group makes an estimate of the net realisable values of stock which is based on assessments of current costs and prevailing market conditions. These are re-assessed annually and amended where necessary to reflect current estimates. Changes to these estimates could result in changes to profit or loss for the period and to the carrying value of the stock. See note 13 for the carrying value of stock and changes to any net realisable value provision made in the year.

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 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 basis of the provision is the estimation of the likely restoration and aftercare costs for proscribed aftercare periods which are then discounted from the periods when the obligation are forecast to arise back to today's terms. 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 aftercare period following restoration. This aftercare period is 60 years for landfill sites and typically 5 to 10 years for quarries. The amounts and timing of the expected outflows are uncertain due to the projection of costs over this period of time.

Major cost elements within the provision are cell capping costs, earthmoving costs, installation of monitoring wells and subsequent treatment of leachate, landfill gas management and routine testing of leachate composition, surface water and gas arising. Leachate arisings are calculated by reference to capped landfill surface area and estimated water infiltration through cell caps. Estimates of water infiltration are to a large extent based upon experience of capped cells. Leachate treatment costs include operation of leachate treatment plants, costs of disposal by local Water Companies, replacement of infrastructure and in some cases haulage.

Current unit costs of leachate disposal to sewer are estimated based upon current levels of contamination and modelled throughout the aftercare period. There is however expectation that the levels of contamination should progressively decrease over the aftercare periods and lead to a unit cost reduction in leachate disposal charges which is not reflected in our provision. Gas management costs include installation and maintenance of gas flaring equipment and re-drilling of gas abstraction wells. Gas flaring is estimated to be necessary for part of the aftercare scheme based upon
the period between the end of commercial utilisation of the gas to create energy and the latter stages of aftercare when gas arisings are low and passive venting is appropriate.

Future revenues from the generation of electricity from landfill gas during the aftercare period, where contracts are in place for its sale, are not deducted from the provision balances.

Aftercare cost at quarry sites include grass cutting, weed control and reseeding where an initial grass seeding has failed.

Where applicable, the cost of acquiring performance bonds to secure landfill permit requirements is also a significant cost. These costs are estimated based upon agreements in place with the Environment Agency and included in the provision.

A discount rate of 4.8% *(2024: 4.2%)* and an inflation rate of 2.0% *(2024: 2.0%)* have been used to discount the future costs to their present value to produce an effective net discount rate of 2.8% (*2024: 2.2%*).

The restoration and aftercare provision required is sensitive to the long-term discount rate and long term inflation rate assumption used. These provisions are discounted from the date on which the expenditure is expected to occur. An increase in the net discount rate of 0.3% (to 3.1%) would reduce the required provision by £750,000 from the current figure of £15,026,000 to £14,276,000. Conversely a reduction in the net discount rate by 0.3% (to 2.5%) would increase the provision required by £824,000 to £15,850,000.