



billington
holdings plc

Report and Financial Statements

Year ended 31 December 2017

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Chairman's Statement

I am pleased to report another successful year for Billington in 2017, a year in which revenue increased by 16.1 per cent, profit before tax by 15.8 per cent and earnings per share of 14.6 per cent, in line with market expectations that had been upgraded during the course of the year.

The structural steel business has been working at, or near, capacity across all sites for the majority of the year, which has resulted in a record level of output and an increase in turnover and profit. In addition, margins were maintained despite market pressures on both selling prices and input costs. The development of the Shafton facility has continued with the new and upgraded machinery becoming fully operational in the latter part of the year. This has already enabled the Company to bring work in-house and offer alternative and enhanced solutions for its clients.

Peter Marshall Steel Stairs has built on the result achieved in 2016 with a continued focus on higher value contracts which, together with efficiencies achieved in the production process, has resulted in improved margins. The operating efficiencies have been aided by the investment in the new saw and drill line that became fully operational in the early part of 2017. This has resulted in the company achieving its best result since joining the Group in 2010.

The **easi-edge** safety barrier division has continued to operate at high levels of activity for much of the year. There have been continuing developments during the year to improve the maintenance and refurbishment processes for the existing barrier fleet and work continues to improve the barrier design.

hoard-it, which underwent a change in management during the year, has made positive progress with a renewed emphasis on building and developing client relationships. The team has also expanded the products and services on offer to the construction market.

Results

The profit after tax for the year from continuing operations was £3.5 million on revenue of £73.5 million, compared with a profit of £3.0 million on revenue of £63.3 million in the previous year.

The overall earnings per share for the year amounted to 29.1p compared with 25.4p in 2016.

Dividend

I am pleased to announce that the Board is proposing a dividend of 11.5 pence per share. This represents an increase of 15.0 per cent compared to the previous year but maintains the dividend cover at a similar level.

Liquidity and Capital Resources

There has been a net cash inflow of £2.1 million during the year resulting in gross cash balances of £8.1 million at the year-end which, together with the bank facilities, will provide adequate funds to cover projected working capital requirements.

Shafton

During 2017, Billington has continued to upgrade the Shafton site and good progress has been made throughout the year.

As planned, one of the tenants vacated the site at the end of the first quarter, which has enabled the Group to increase the amount of factory space it occupies. This has enabled Billington to expand the services and operations available at Shafton, with the installation and commission of new specialist machinery. A use for the remaining additional space is currently being assessed, and the Company is looking into a number of possibilities to best utilise the space in order to benefit the Billington Group.

Pension Schemes

The Group operates a defined contribution pension scheme for all current employees.

The defined benefit pension scheme, which closed to future accrual in 2011, has recently been through a triennial valuation. This latest valuation shows assets of £8.2 million with liabilities of £6.9 million resulting in a surplus of £1.3 million, which compares with a deficit of £0.4 million in 2014. The figures reflected in the Company's balance sheet represent the position of the pension scheme on an accounting basis, in accordance with IAS 19. The surplus included within the balance sheet at the year end, net of deferred tax, was £1.8 million as compared with £1.0 million in 2016.

Management and Workforce

Over the year we have welcomed a number of new employees to the Billington Holdings Group, especially at our Shafton facility. I should like to express my thanks to all the directors and employees for their efforts and assistance over the last 12 months and I look forward to a successful 2018.



Peter Hems
Non Executive Chairman
26 March 2018

Operating Divisions – Locations



Billington Structures
Wombwell, Barnsley
Shafton, Barnsley
Yate, Bristol

Nationally recognised and award-winning steelwork contractor, with over 70 years' experience. Plants in Barnsley and Bristol with capability to process over 25,000 tonnes of steel per annum.

www.billington-structures.co.uk



Peter Marshall Steel Stairs
Gildersome, Leeds

Specialist company engaged in the design, fabrication and installation of highly engineered steelwork, staircases and balustrade systems.

www.marshallstairs.com



easi-edge
Tuxford, Nottinghamshire

Leading provider of safety solutions to the UK construction industry. Primarily supplies perimeter edge protection and fall prevention systems.

www.easi-edge.co.uk



Shafton Steel Services
Shafton, Barnsley

State of the art steel processing and profiling facility acquired in 2015.

www.shaftonsteel.co.uk



Tubecon
Wombwell, Barnsley
Yate, Bristol

Tubecon is a specialist in complex steel structures. Operates primarily in the UK construction and rail infrastructure markets.

www.tubecor.co.uk



hoard-it
Wombwell, Barnsley

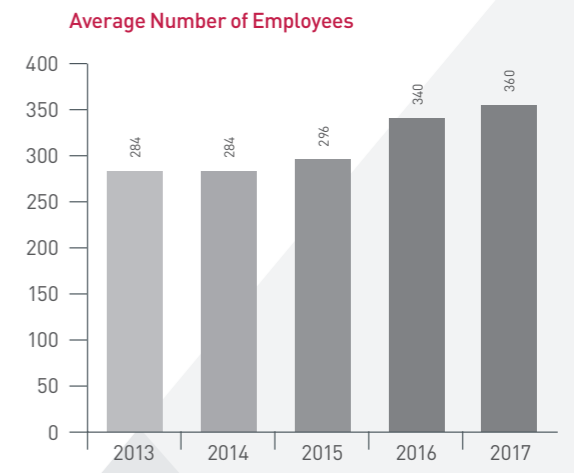
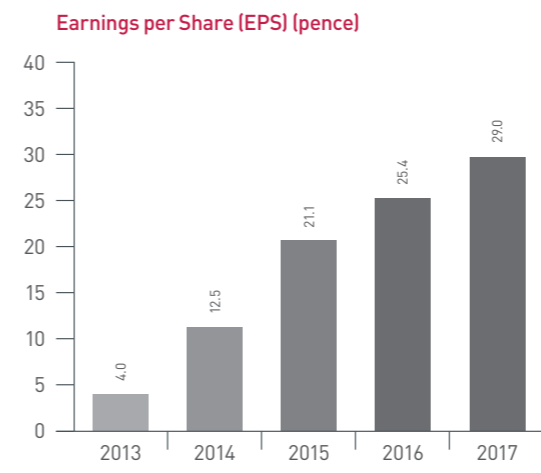
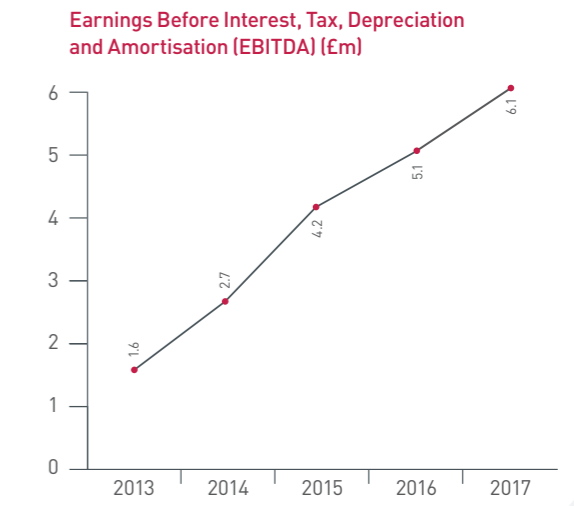
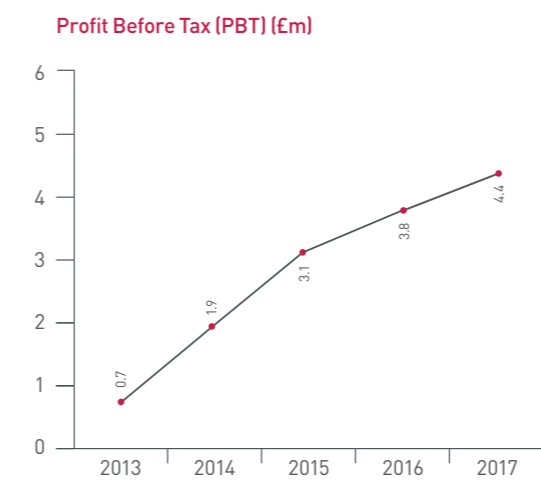
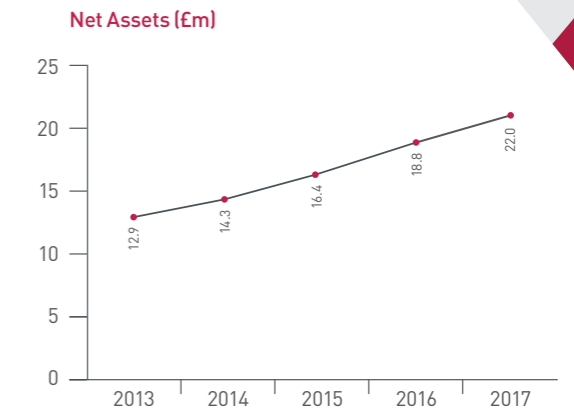
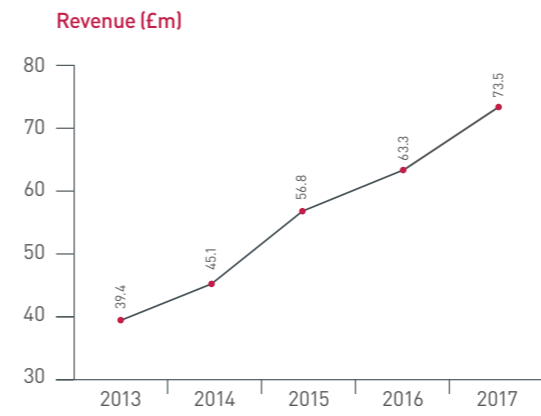
hoard-it provides re-usable and eco-friendly site hoarding solutions.

www.hoard-it.co.uk



1. Gildersome, Leeds
2. Shafton, Barnsley
3. Wombwell, Barnsley
4. Tuxford, Nottinghamshire
5. Yate, Bristol

Five Year Summary



Operational Review

Billington Holdings has had another successful year. I am pleased to report full year 2017 revenues of £73.5 million, a 16.1 per cent increase from that achieved in 2016 and profit before tax of £4.4 million, which demonstrates that the Company has been able to increase revenue and remain efficient. This strong set of results is testament to the hard work of its employees and supply chain throughout the year.

All Group companies have performed well over the period. Billington Structures, in particular, has had a very successful year. The structural steel division of the Company, which includes Billington Structures and its trading division Shafton Steel Services, processed and fabricated over 30,000 tonnes of steel in 2017.

In addition, the full year 2017 revenues relating to structural steel activities are at a record level. This we believe highlights the efforts made by all involved in transitioning Billington to become a leader in its field and ensuring that it is at the forefront of technical innovations in the steelwork engineering and construction markets. Additionally, other divisions are working at near to full capacity and have substantially contributed to the Group's success.

The structural steel market continues to show signs of stability. However, during the period under review the Company has seen an escalation in the raw material prices for steel manufacturers, resulting in consistent increases in steel prices. The cost of structural steel sections, the Company's primary raw material, has increased by some 40 per cent during the two years to March 2018. Consequently, this presents a challenge to the wider structural steel market to remain competitive with alternative forms of construction.

Although the Group has had an excellent year, the directors acknowledge wider market developments and pressures which may influence Billington in 2018. However, the Group's size and capabilities mean it is well positioned to adjust to changes, as they occur in the construction industry.

Billington Structures and Shafton Steel Services

Billington Structures, with facilities in Barnsley and Bristol, designs, fabricates and erects structural steel across all sectors. It is a nationally recognised and award winning steelwork contractor with over 70 years' experience.

The Shafton facility, acquired in 2015, is located in Barnsley and separated into two business areas. The first carries out activities for Billington Structures and has experienced an increase in employed resources and related capacity in the year. The second, Shafton Steel Services, offers a wide range of steel processing and profiling services to a comprehensive and diverse range of external engineering companies.

2017 was an extremely successful year with both divisions continuing to show signs of steady, consistent growth and margin improvement. Billington Structures, combined with Shafton Steel Services, processed and fabricated over 30,000 tonnes of steel throughout the year as a result of the added capacity from the Shafton site, a positive market and strong client relationships.

During the period Billington Structures was awarded its largest contract to date, a large distribution centre in the South West of England, which represents a positive milestone for the Company. The project was successfully delivered, on time and ahead of schedule, with complete satisfaction of the client. This further cements and demonstrates the Company's ability to deliver the most challenging of projects.

Billington Structures also undertook a number of other significant projects which included:

- **IKEA, Sheffield**
- **London School of Economics (LSE), London**
- **Coventry Leisure Centre, Coventry**
- **50-60 Station Road, Cambridge**
- **Lime Street Student Accommodation, Liverpool**

In addition, Billington Structures was recognised in various national awards, including the 2017 Structural Steel Design Awards, where the company received a Commendation and Merit for its work on the Hurlingham Club Racquet Centre in London and RAF Brize Norton aircraft hangar in Oxfordshire, respectively. Project Beagle, Interserve's new office in Birmingham, won the public vote at the UK Tekla Awards, and Billington was shortlisted for the 2018 Made in Yorkshire Awards for the Supply Chain Award, Manufacturer of the Year (over £25m) Award and Manufacturing Apprenticeship and Training Award. Shortly after the year end the Company was the proud winner of the Manufacturing, Apprenticeship and Training Award, a credit to all involved.

In 2017, Billington continued to progress with its programme of refurbishment, adaption and enhancement at the Shafton facility, following the vacation of tenants earlier in the year. The Group invested in installing new, state of the art machinery including a saw and drill line, plate girder and plate profiling machines.

The capabilities of the Shafton facility, along with the recent investments in state of the art machinery, have enabled the Company to better service the requirements of its clients and produce and deliver the most complex of projects. The Company's capabilities are diverse and opportunities in the infrastructure and rail industries remain attractive, with investment in these areas forecast to increase as HS2 and other related projects commence.

Shafton Steel Services made positive progress during the year, processing 5,000 tonnes of steel and rationalising its customer base to ensure it is servicing its clients appropriately.

Moving into 2018, the year has started well and Billington Structures has a healthy order book and numerous positive prospects in the pipeline.



During the period Billington Structures was awarded its largest contract to date, a large distribution centre in the South West of England, which represents a positive milestone for the company.

Operational Review Continued

Peter Marshall Steel Stairs

Peter Marshall Steel Stairs is a specialist company engaged in the design, fabrication and installation of highly engineered steelwork, staircases and balustrade systems both for Billington and the wider fabricator and engineering markets.

The company has had another encouraging year, following the success of 2016. Over the period under review, Peter Marshall Steel Stairs executed a steady stream of contracts which resulted in the highest level of profit since the acquisition of the company in 2010. The company expects to see the same consistency of work during this year, with a strong order book being carried over.

During the period, Kieran Ganley was promoted to a statutory director of the business and has overseen the positive progress made during the year, with Peter Marshall Steel Stairs maintaining high levels of work efficiency and further building upon its excellent customer relationships.

The coming year will see the business continue to invest in its facilities and it will undertake an office refurbishment programme to increase capacity and improve the overall facilities for its staff.

easi-edge

easi-edge is a leading safety solutions provider which primarily supplies perimeter edge protection and fall prevention systems to both Group and non-Group companies. The company has positioned itself at the forefront of the market and, therefore, has become the number one choice for safety solutions for many large construction firms.

2017 was another busy year for the company. During the period, easi-edge introduced a programme to refurbish its current barrier fleet in order to maintain its quality image and preserve the company's high standard of customer service. Development of the existing barrier has continued throughout the year and additions to the current fleet of over 90,000 linear meters will occur as demand dictates.

Following the success of 2017, management has seen positive levels of trading since the start of 2018 which they believe will continue throughout the year. During 2018 there will also be a focus on diversification, with easi-edge assessing and developing complementary services to contribute to the company's existing portfolio of products.

hoard-it

hoard-it, which provides reusable and eco-friendly site hoarding solutions on a hire and sale basis, has experienced a period of transition this year as a result of the restructure of its management team and review of its products and processes.

Nevertheless, 2017 was a good year, which saw the company retain its strong market position and develop its customer base, following a renewed focus on sales and new product development. 2018 has also started well and the company is in a good position to enhance its offering and continue to successfully contribute to the Group.

January 2018 has seen Carillion, historically an important customer for the business, enter into voluntary liquidation. The level of debt outstanding at the year-end was provided for in full, and although this has adversely impacted the level of result for the hoard-it business for 2017 it was not material for the Group. The Group has a policy of insuring its customers' balances where practically possible and when appropriate cover is commercially available.

The forward outlook for the company remains positive and the company looks to the future with optimism as it continues to enhance its market share and build upon its excellent customer relationships.

Health, Safety, Sustainability, Quality and the Environment

Billington is committed to health, safety, sustainability, quality and the environment, which remain at the core of all business divisions. The Group continues to have active involvement in a variety of initiatives, both locally and nationwide and is proud of the numerous awards received by its onsite teams during the period for their dedication to health and safety practices.

It is disappointing that the Company incurred one reportable accident in the year. Measures have been implemented to further improve the culture and working practices at all facilities and on each construction site the Company conducts its activities. The Health and Safety team, that provides services across the Group, has also been further strengthened in the year.

Charity

The Group is proud of its dedication to support local and national charities, and last year established a foundation in which to direct all charitable donations.

Throughout the year Billington organised and hosted a number of activities, including a local charity bike ride, the annual hog roast for staff members and their families, coffee mornings and raffles, raising over £6,500 for Yorkshire Air Ambulance, Macmillan, The Grand Appeal, Muscular Dystrophy UK and Mind.

In conjunction with the Group's charity foundation, Billington donates funds to support its local community, sponsoring local sports teams and other worthwhile causes that have a positive influence on the local communities in which the Company operates.

People

Billington is committed to maintaining a highly skilled and knowledgeable workforce and continued investment in its people is key to the growth and success of the Company.

During the period, the Group increased its workforce by six per cent from 340 to 360 people, with the majority of new employees being based at the Shafton facility. However, despite this employee growth, there remains a skills shortage within the wider industry. Billington aims to mitigate the impact of this on the business by adopting various strategies focused on training and recruitment. The Company employs and trains apprentices throughout the Group, supports local colleges and encourages the development of, and provides opportunities to, existing employees.

The Group goes to great lengths to inform and educate local school, college and university students as to the wider steel industry and the array of diverse opportunities it is able to offer individuals, in order to, as far as possible, encourage people to progress a career in this exciting industry.

Nevertheless, due to this skills shortage and the growth experienced in the industry in the past few years, the Group is beginning to witness wage pressures with increasing competition between industry players to recruit and retain an experienced workforce. Billington will therefore strive to continue its successful training and apprenticeship programmes to reduce the impact of this on business operations.

Steel Industry

Billington continues to have a strong working relationship with British Steel, from whom it sources a significant proportion of its steel sections supply.

Throughout the period, fluctuations in the price of coking coal, iron ore and steel scrap values, the raw materials used to produce steel, has led to a sustained and consistent increase in the price of the Company's primary raw material. Therefore, Billington continues to investigate the measures in which it is able to mitigate raw material price escalation and long term volatility. However, more recently, steel prices appear to have stabilised and the Group hopes this stability will continue.

Prospects and Outlook

2017 was a positive and successful year for the Group and we enter 2018 with good visibility at this early stage in the year.

Output in the wider UK construction market peaked in March 2017, reaching a level that was 31 per cent higher than the lowest point of the last five years, January 2013. However, since then, data for the wider market has recorded a reduction in output. In addition, it has been widely reported in the media that some of the industry's main contractors are facing troubles, an example of this being Carillion, which went into voluntary liquidation at the beginning of 2018.

The immediate effect of this was to see an impact on credit insurers and financial institutions seeking to minimise their exposure, as well as previous suppliers to Carillion seeking work with alternative contractors to maintain their order books and therefore leading to increased competition for some contracts. Consequently, these developments, along with Brexit uncertainty, have led to some caution within the industry and we continue to monitor forward indicators closely.

Despite these wider industry issues, forecasts indicate that, for the next two years, structural steel consumption in the UK will remain at the levels seen in 2017, which is positive for the Company. Additionally, a small number of projects were completed in Europe during 2017 and the number of enquiries received for steelwork projects in these territories has increased, therefore providing further opportunities outside of the core UK market.

Billington's size and capabilities mean it is well positioned to successfully adjust to changes in the construction industry, which is highlighted by the fact that all Group companies have strong forward order books. The Company will continue to work towards improving efficiencies and maintaining and strengthening its client relationships as it strives to deliver a successful 2018.

Finally, I would like to take this opportunity to thank everyone at Billington for contributing to an excellent year and for their continued hard work as we progress into 2018.



Mark Smith
Chief Executive Officer
26 March 2018



Financial Review

Revenue	EBITDA	Profit before tax	Operating profit margin
£73.5m	£6.1m	£4.4m	6.0%
Operating cash inflow	Cash and cash equivalents	Earnings per share from continuing operations	Dividend
£2.0m	£8.1m	29.1p	11.5p

Consolidated income statement

	2017 £'000	2016 £'000
Revenue	73,518	63,334
Operating profit	4,428	3,825
Profit before tax	4,411	3,803
Profit after tax	3,504	2,971
Profit for shareholders	3,504	2,971
Operating profit margin	6.0%	6.0%
Earnings per share (basic and diluted)	29.1p	25.4p

Revenue has increased 16 per cent year on year primarily as a result of Billington Structures increasing its output, particularly in relation to its traditional structural steelwork activities. The Group has seen revenue increase 30 per cent since 2015 and, is well placed within its markets to deliver further growth over the medium term.

Forecasts indicate that the consumption of structural steelwork within the UK decreased by four per cent in 2017 to 896,000 tonnes. Projections indicate that consumption will remain at or around this level for the next two years, allowing the Group to continue to look forward with optimism.

Operating margins have been consistent at six per cent. Margins have steadily improved from their low in 2011 of minus four per cent to six per cent in both 2016 and 2017. Capacity within the wider structural steel market has been increasing with significant investment in capital resources being noted in the year. With the increase in market capacity it is anticipated that operating margins will remain at or around this level for the foreseeable future.

January 2018 sadly saw Carillion enter voluntary liquidation. Trading in recent years with Carillion was restricted to hoard-it. The balance outstanding at the year end was £106,000, this has been provided for in full in these results. The Group has a policy of insuring its customer balances when commercially viable and appropriate insurance cover is available.

Earnings per share improved from 25.4 pence in 2016 to 29.1 pence in 2017 representing an increase in the result for shareholders of 15 per cent.

Staff numbers as at December have increased six per cent, from the same period last year, to 360 as the Group continues to increase its activities across all divisions. Employment of additional labour, as the newly acquired Shafton facility is adapted for optimal use, is anticipated over the short to medium term.

The Shafton facility consists of two primary buildings, the secondary building was rented out to a tenant until May 2017. The future use of the secondary building remains under review and provides the Group with flexibility as to its possible future use.

Projections indicate that consumption will remain at or around this level for the next two years, allowing the Group to continue to look forward with optimism.

Consolidated balance sheet

	2017 £'000	2016 £'000
Non current assets	15,789	14,321
Current assets	24,775	21,479
Current liabilities	(16,670)	(14,996)
Non current liabilities	(1,918)	(2,005)
Total equity	<u>21,976</u>	<u>18,799</u>

Capital expenditure increased in the year to £2,112,000 from £1,277,000 in 2016, primarily as a result of the investment in new machinery at the Shafton facility. The Group aims to continually ensure that capital expenditure is maintained at a level appropriate for the business and to ensure it remains at the forefront of technical advancements in its industry.

Capital expenditure is anticipated to revert back to historic norms in 2018 with anticipated levels being between £1,000,000 and £1,500,000. There is no programmed expenditure in respect of some aged machinery although it is noted that replacement parts are largely obsolete for these and, which, if required may necessitate replacement.

Within non current assets, property, plant and equipment increased by £443,000, represented by capital additions of £2,112,000, depreciation charges of £1,631,000 and net disposals of £38,000.

The defined benefit pension scheme has performed well in the period. At the year end, a surplus of £2,198,000 along with a corresponding deferred tax liability of £374,000 has resulted in a net recognised surplus of £1,824,000. The scheme was closed to future accrual in 2011.

The net deferred tax liability at the year end was £168,000 (2016: £27,000 asset), being a deferred tax asset of £206,000 (2016: £222,000) related to temporary timing differences net of a deferred tax liability of £374,000 (2016: £195,000) related to the defined benefit pension scheme surplus.

The increase of £3,296,000 in current assets included an increase of £1,147,000 in inventories and work in progress, an increase of £119,000 in trade and other receivables, and an increase in the cash balance of £2,030,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £2,540,000 (2016: £1,998,000) as a result of higher work volumes. It is anticipated that £1,679,000 will be received within one year and £861,000 in greater than one year.

The total rise of £1,674,000 in current liabilities principally comprised an increase in trade and other payables of £2,014,000 as the businesses enjoyed increased activity levels towards the latter part of the year. Combined with the increase in trade and other payables, there were decreases in the short term borrowing liability and tax payable of £233,000 and £107,000 respectively.

A property loan of £469,000 was taken out in 2011 to purchase the trading premises of Peter Marshall Steel Stairs, repayments made against the balance in the year were £234,000 and the balance is now satisfied. A mortgage of £2,500,000 was taken over 10 years in 2015 to purchase the land and buildings at Shafton, £250,000 is reflected in current liabilities with £1,750,000 disclosed in non-current liabilities.

Total equity increased by £3,177,000 in the year to £21,976,000. The financial position of the Group at the end of the year remains robust and provides a platform from which the Group can further increase shareholder value.

Consolidated cash flow statement

	2017 £'000	2016 £'000
Result for shareholders	3,504	2,971
Depreciation	1,631	1,254
Capital expenditure	(2,112)	(1,277)
Tax paid	(986)	(376)
Tax per income statement	907	832
(Increase)/decrease in working capital	748	1,033
Additional pension contributions	(31)	(123)
Dividends	(1,205)	(738)
Net property loan movement	(484)	(295)
Others	58	141
Net cash inflow/(outflow)	<u>2,030</u>	<u>3,422</u>
Cash at beginning of year	<u>6,033</u>	<u>2,611</u>
Cash at end of year	<u>8,063</u>	<u>6,033</u>

Dividends were paid in the year at a cash cost of £1,205,000 (2016: £738,000), representing 10 pence (2016: six pence) per share. The ability of the Group to convert profits into cash has been encouraging and provides the Group with cash balances with which to increase working capital associated with increased activity levels if required.

The Group remains committed to treating its suppliers and subcontractors fairly and to paying them in line with their agreed payment terms. It is the Group's policy not to withhold retentions from members of its valued supply chain.

Working capital

	2017 £'000	2016 £'000
Inventories and work in progress	11,012	9,865
Accounts receivable	5,700	5,581
Accounts payable	(15,954)	(13,940)
Working capital at end of year	<u>758</u>	<u>1,506</u>

Cash balances at the year end totalled £8,063,000 and there were property and hire purchase loans outstanding of £2,004,000 representing a net cash position of £6,059,000. It is pleasing to note the satisfactory cash position of the Group. Consistent and positive trading performance, combined with effective working capital management, will ensure that cash balances are further maintained and improved while providing due reward to the Group's shareholders.

Business volumes are forecast to remain high and, with the programme of planned capital expenditure across the Group, a robust cash position in combination with adequate, agreed banking facilities will allow these objectives to be realised.

Pension scheme

	2017 £'000	2016 £'000
Scheme assets	8,515	7,976
Scheme liabilities	(6,317)	(6,830)
Surplus	<u>2,198</u>	<u>1,146</u>
Other finance income	30	38
Contributions to defined benefit scheme	31	123

To limit the Group's exposure to future potential pension liabilities the decision was taken to close the remaining Billington defined benefit pension scheme to future accrual from 1 July 2011. It is encouraging to note that the position of the scheme as at the year end continues to show signs of improvement. Investments have performed well in the period and this, combined with the further contributions from the Company made in the year, leaves the scheme well placed to remain self sufficient moving forward.

The scheme's triennial valuation for period ended 31 March 2017 was completed 8 January 2018. The position of the scheme as at the date of the valuation was an asset position of £8,207,000 and a liability position of £6,944,000 resulting in a surplus of £1,263,000 as compared to a deficit of £445,000 in the previous valuation dated 31 March 2014.

Employee Share Option Plan (ESOP)

During 2016, the Group implemented a new ESOP using shares that were contained in a previous trust that had laid dormant for a number of years. Options were issued across the Group to allow employees to share in the future continued success of the Group, promote productivity and provide further incentives to recruit and retain employees.

Shortly after the year end the remaining number of shares (7,800) were transferred from the old ESOP to the new ESOT. The old ESOP is to be formally closed in 2018.

Options were issued based on seniority and length of service across all parts of the Group.

The charge included within the accounts in respect of issued options is £73,000 (2016: £71,000).


Trevor Taylor
Finance Director
 26 March 2018

It is encouraging to note that the position of the scheme as at the year end continues to show signs of improvement.

Board Profile and Registered Office

Peter Kenneth Hems
Non Executive Chairman



Appointed: 01/04/2007
 (Appointed Non Executive Chairman: November 2013)

Nationality: British

Experience: Qualified as a chartered accountant in 1973, and appointed as an audit and business advisory partner with Grant Thornton in 1979, resigned in March 2007 to take up appointment as Executive Chairman of Billington Holdings Plc.

Mark Smith
Chief Executive



Appointed: 01/01/2015

Nationality: British

Experience: Joined Billington Holdings Plc as Chief Operating Officer on 2 June 2014. Appointed as Chief Executive on the retirement of Steve Fareham (01/01/2015), who became a Non Executive Director. An in depth knowledge of construction industry for over 25 years driving for growth and profit in competitive markets.

Trevor Michael Taylor
Finance Director



Appointed: 31/10/2011

Nationality: British

Experience: Trevor is a fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) and joined Billingtons in 2008 as Financial Controller from Allotts Chartered Accountants where he specialised in Construction and Financial Services.

John Stuart Gordon
Non Executive Director



Appointed: 01/04/2007

Nationality: British

Experience: John practised as a barrister from 1989 until 1999 when he re-qualified as a solicitor. John is in private practice as a partner in Wilson Browne Solicitors, specialising in commercial and property litigation. He was appointed to the board in 2007, and his legal-commercial background makes him a valuable member of the team.

Doctor Alexander Ospelt
Non Executive Director



Appointed: 01/01/2013

Nationality: Liechtensteiner

Experience: Independent practice as a lawyer since 1997. In 1993 worked as a staff member of Liechtenstein's Permanent Representation at the United Nations in New York. From 1994 until establishing his chambers in 1997 he practised at the Princely Court of Justice and in a reputable law firm in Liechtenstein. From 1987 to 1993 he studied at the Faculty of Law at St. Gallen University, Switzerland and went on to take a degree in European Law at ULB in Brussels. Passed the Liechtenstein Bar Examination in 1997 and gained a Doctorate in Law from St. Gallen University, Switzerland in 1999.

Stephen George Thomas Fareham
Non Executive Director



Appointed: 01/01/2015

Nationality: British

BSc (Hons) MSc CENG FISTructE MIET CMIOSH. Chartered Health and Safety Practitioner. Former President of the British Constructional Steelwork Association BCSA. Founder member of the Edge Protection Federation EPF. Previously Chief Executive of Billington Holdings Plc from 24 October 2006 to 1 January 2015. Managing Director of Billington Structures Limited, structural steel subsidiary from 1991 to 2014.

Darren Paul Kemplay
Company Secretary



Appointed: 31/12/2017

Nationality: British

Experience: A qualified HR professional with over 29 years experience across a range of industries. Joined the Group in February 2001 and has provided support and cover for the Group Secretarial function since 2016 and was formally appointed to the role of Company Secretary at the end of 2017 following the retirement of the previous post holder, Leslie Holloway.

Auditors

Grant Thornton UK LLP, Registered Auditor, Chartered Accountants, 2 Broadfield Court Sheffield S8 0XF

Bankers

HSBC Bank Plc, 4th Floor, City Point, 29 King Street, Leeds LS1 2HL

Solicitors

Shoosmiths, Waterfront House, Waterfront Plaza, 35 Station Street, Nottingham NG2 2DQ

Registrar and Main Transfer Office

Capita Asset Services, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0GA

Nominated Advisor and Broker

W H Ireland, Royal House, 28 Sovereign Street, Leeds LS1 4BJ

Registered Office

Steel House, Barnsley Road, Wombwell, Barnsley, South Yorkshire S73 8DS
 Registered in England.
 Company Number: 02402219



Report of the Directors

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

1. Results and dividends

The consolidated income statement is set out on page 25 and shows the result for the year.

A final dividend in respect of 2016 of 10.0 pence per share was paid on 7 July 2017. No interim dividends were paid in 2017. The directors propose to pay a dividend of 11.5 pence per share on 6 July 2018 to shareholders on the register on 8 June 2018.

2. Financial risk management objectives and policies

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various other items, such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Foreign currency risk

To mitigate the Group's exposure to foreign currency risks non-Sterling cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings on an individual company basis. The Group's exposure to interest rate fluctuations on its borrowings is managed on a Group basis through the use of floating facilities on individual company accounts.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. Primarily this is achieved through a Group treasury function which is charged with ensuring sufficient liquid funds are available to all companies as and when they are required. Short term flexibility is achieved by overdraft facilities.

Credit risk

The Group's principal credit risk arises from trade receivables. In order to manage credit risk the directors set credit limits for customers based on payment history and third party credit references. In addition, bad debt insurance is maintained to reduce the risk to an acceptable level (see notes 12 & 17 to the consolidated financial statements).

3. Directors

All directors appointed at the year end served throughout the year.

In accordance with the Articles of Association John Gordon and Dr. Alexander Ospelt retire and offer themselves for re-election.

The interests of the directors at the year end in shares of the company were as follows:

Directors' interests in Billington Holdings Plc ordinary 10p shares

	31 December 2017		1 January 2017	
	Shares No.	Options No.	Shares No.	Options No.
Peter Hems	15,000	-	15,000	-
Mark Smith	5,000	34,917	5,000	34,917
Trevor Taylor	6,000	34,917	6,000	34,917
Stephen Fareham	17,603	-	17,603	-
John Gordon	307,270	-	357,270	-
Dr. Alexander Ospelt	6,500	-	-	-

4. Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Annual 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 consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and have elected to prepare parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and 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 International Financial Reporting Standards as adopted by the European Union/UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 Group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware and;
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

5. Going concern

The consolidated financial statements have been prepared on a going concern basis. The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

The financial position of the Group, its trading performance and cash flows are detailed in the Financial Review and they demonstrate the overall adequate net cash position of the Group.

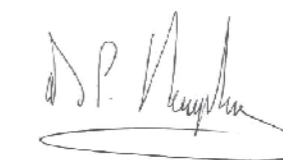
In addition, section 2 (above) sets out our financial risk management objectives and policies and how short term liquidity is maintained within the Group. The directors are confident that further funding facilities would be available should they be required in the future. As a consequence the directors believe that the parent company and Group are well placed to manage their business risks successfully despite the uncertainties surrounding the current general economic outlook associated with Brexit.

The directors have a reasonable expectation that the parent company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

6. Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office. In accordance with Section 489 (4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

This report was approved by the Board and signed on its behalf.



Darren Kemplay
Company Secretary
Billington Holdings Plc
Company Number - 02402219
26 March 2018

Strategic Report for the year ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

1. Business review

The business model of the Group is to operate as a designer, manufacturer and installer of structural steelwork through its subsidiaries Billington Structures Limited and Peter Marshall Steel Stairs Limited, and as a supplier of safety solutions and barrier systems to the construction industry, through its subsidiary easi-edge Limited as well as providing site hoarding systems

through hoard-it Limited. The parent Company acts as a holding company providing management services to its subsidiaries.

On a Group basis the business review and future prospects for the business are contained within the Operational Review and Financial Review (see pages 8 to 12), including an analysis using key financial and non-financial performance indicators.

2. Key non-financial performance indicators

	2017	2016
Production efficiency	114%	116%
Hire stock utilisation	84%	84%
Accidents (own employees) – reportable	1	4
Employee numbers	360	340
Apprentice intake	6	4
Staff turnover (excluding restructuring)	10%	12%

3. Principal risks and uncertainties

Contract risk

The principal risk for each of the subsidiaries is contract risk, either agreeing inappropriate contract terms at the beginning of the contract process or failing to deliver contractual obligations. In order to mitigate these risks, significant senior management effort is invested in the agreement of contractual terms and the monitoring of performance against budget.

Health and safety

Health and safety within the Billington Group is of paramount importance. The protection of both our employees and those who may be affected by our business remains a key concern and priority. The ethos throughout the Group is to ensure the welfare of all employees is at the forefront of every decision and not only to meet legal requirements but to go far beyond.

Economic environment

The economic environment in which the Group trades continues to be challenging with both macro and micro economic pressures. These risks are largely outside of the control of the Group, however the directors monitor the economic environment closely and this informs decision making within the Group.

Credit risk

Current economic conditions have impacted on the Group's ability to maintain full credit protection on all customers. This will remain an important issue for the foreseeable future that will be constantly monitored to ensure the Group is not exposed to an unacceptable level of risk.

Failure to manage the above principal risks, as so far as the Group is able, could lead to significant impact to profitability and to the reputation of the Group.

4. Disabled persons

The Group's policy is to give sympathetic consideration, in both recruitment and training, to the problems of the disabled, and to assist them in developing their knowledge and skills to undertake greater responsibilities wherever possible.

5. Employee involvement

It is Group policy to disseminate relevant information about Group affairs amongst employees. The Group operates an Employee Share Ownership Plan (see note 10).

This report was approved by the Board and signed on its behalf.



Darren Kemplay
Company Secretary
 Billington Holdings Plc
 Company Number – 02402219
 26 March 2018

The directors have a reasonable expectation that the parent company and the Group have adequate resources to continue in operational existence for the foreseeable future.



Sustainable and Responsible Business

Billington believes that operating in a sustainable and responsible manner is key to the growth and success of the Group. The Company has a number of policies in place that underpin its day-to-day operations, ensuring the safeguarding of both the environment and its stakeholders. This highlights Billington's fundamental commitment to delivering responsible business growth and development.

Environment

Overview

Due to the industry in which Billington operates, the Company recognises that its business activities can impact the wider environment, and therefore, the Group has an obligation to reduce the direct negative impact of these activities. In order to manage the environmental risk, the Company has adopted policies that comply with the ISO BS EN 14001 – Environmental Management System.

The policies implemented by Billington manage the Company's environmental impact by reducing pollution, improving energy efficiency and reusing and recycling waste (where possible), in order to achieve its long-term environmental goals.

The Company also maintains the Gold Standard awarded by the British Constructional Steel Association (BCSA) for meeting the requirements of the Steel Construction Sustainability Charter. The programme of sustainability objectives is reviewed annually as a means of demonstrating continuous improvement.

To ensure the successful implementation of the Company's environmental policies, Billington educates and informs its employees of the environmental impact of their work activities, and encourages staff to seek methods to reduce these impacts. It also provides employees with the necessary resources to deliver the Company's environmental objectives.

Additionally, the Group works in partnership with sub-contractors to identify and develop procedures to reduce the environmental impact of its onsite project work to a practicable minimum and ensure optimum efficiency of onsite operations.

The Board is responsible for continuously monitoring and reviewing these policies to ensure the programme is adapted and improved. This will ultimately save the Company money, improve brand reputation and reduce Billington's environmental footprint.

Social

Overview

Billington's stakeholders are an integral part of the business, they consist of: customers, suppliers, employees, shareholders, advisors and the local communities within which the Group operates.

Employees

Employee engagement, development and satisfaction is key to building a successful business. Billington invests in the development of its staff, adopting a number of policies aimed at recruiting and rewarding employees, including operating effective training and award-winning apprenticeship schemes.

Billington keeps an open line of communication with employees, including through regular briefings and the production of company literature including a bi-annual newsletter. Board members frequently attend management briefings with Group companies to ensure active engagement at all levels.

The Company implements an Employee Share Option Plan to allow employees to share in the future and continued success of the Group.

These policies help to foster employee communication and development, and help to deliver long-term Company growth.

Equal opportunities

Billington is an equal opportunity employer, it adheres to the Equality Act 2010, and believes that all individuals should be treated fairly and equally. The Group strives to create a supportive and welcoming environment where diversity is valued and employees have the ability to progress and prosper without prejudice or discrimination.

Whistleblowing

The Group is committed to the highest standards of openness, honesty and accountability, and has a strong whistleblowing policy in place that allows all employees to confidently raise any concerns they have internally, without fear of reprisal. The Audit and Risk Committee continues to review these procedures and their effectiveness in order to positively enhance the working environment.

Health and Safety

Health and safety issues are monitored and reviewed on a monthly basis by senior management and the Board.

The Group has a well-developed management system for the internal and external control of health and safety which is managed by the Group Health & Safety Manager. This includes the use of risk management systems for the identification, mitigation and reporting of health and safety management information.

Billington's onsite teams have received numerous awards and recognition for their dedication to health and safety practices and the Company aims to continue this success.

Charity

The Company is actively involved in supporting local and national charities, and has established the Billington Holdings Charity Foundation through which it directs all charitable donations. It hosts charitable events for employees and donates funds to its local communities, sports teams and other worthwhile causes.

Training

Billington recognises the importance of training and development in maintaining and growing the success of the business, especially considering the skills shortage within the industry.

The Group has a long history of providing apprenticeship programmes throughout the business, and these form a key element of the overall recruitment and development strategy for Billington. As part of this strategy, the Company was instrumental in developing the BSCA CRAFT Certificate that covers training for a range of steelwork operations. The Company was recognised for its Apprenticeship/ Training Scheme at the 2018 Made in Yorkshire awards.

The Group also supports local colleges and universities, providing young people with knowledge of, and giving them an insight into, the industry. Additionally, the Company provides various training opportunities to existing employees, enabling them to grow, develop and reach their full potential.

Modern Slavery

Modern slavery is a growing concern in the UK and, therefore, Billington considers its responsibilities regarding this with the utmost importance. It complies with the Modern Slavery Act 2015 and recognises its duties in relation to the Company's employees and supply chain. The Group implements a number of processes and procedures within the business and reviews these practices on an ongoing basis.

Governance

Overview

Good corporate governance is one of the Company's core values and, as an AIM listed entity, it is something that the Group takes very seriously, ensuring that the Board implements the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Sized Quoted Companies throughout the Company's operations.

Bribery and corruption policy

Billington has a strict, zero tolerance bribery and corruption policy, which complies with the Bribery Act 2010, to ensure the integrity and transparency of the Group is maintained. All Group employees are informed of the Company's Bribery and Corruption policy and the Board is responsible for ensuring that all sectors of the business comply with these obligations.

Ethical principles

Overview

The Group values its reputation for ethical behaviour and has a set of values that are at the core of its business philosophy.

To conduct business ethically, maintaining the Company's integrity

The Company will communicate fully and openly in its dealings with employees, clients, suppliers and the community, ensuring Billington meets its obligations to the best of its ability. The Group will conduct its business operations in an honest, fair and transparent manner. The Company will strive to meet the highest industry standards across all Group companies and ensure all employees are in the position to successfully deliver these requirements.

To value the welfare of its employees and ensure they have a safe, healthy and productive working environment

Billington values its employees and understands they are key to delivering the sustained growth and development of the Company. The Group ensures every employee has the opportunity to fulfil their potential in a supportive and inclusive environment.

To be regarded as a good neighbour and operate in a sustainable manner

The Group is highly regarded in the industry and aims to maintain this positive reputation. It engages openly and effectively with stakeholders and communities, and adopts the highest standards of environmental and suitability guidelines to minimise its impact within the areas it operates.



Introduction to Governance

The Board is authorised to manage the business of the Company on behalf of the shareholders and in accordance with the Company's Articles of Association. This is achieved by delegating responsibilities to the Board Committees and designating authority to manage the business to the Chief Executive Officer.

The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Group. The Board is currently comprised of two Executive Directors, three Non Executive Directors and a Non Executive Chairman.

The Board is accountable for the long-term success of the Group. The Directors meet on a regular basis and the Executive Directors are in continual discussion with the operational management to ensure that the business objectives of the Group are achieved. Non Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully challenged and supported.

To enable the Board to fulfil its duties, all Directors receive appropriate information and are allowed sufficient time to discharge their responsibilities effectively. Briefing papers are distributed by the Company Secretary in advance of Board Meetings and the members of the Group Board attend the monthly meetings of subsidiary companies. The Company's Non Executive Directors are considered by the Board to be independent of the management, and bring a breadth of experience which is welcomed by the Executive Directors.

Dealing code

The Company follows the guidelines and procedures outlined in the Quoted Companies Alliance Code for Directors' Dealings, as applicable to AIM companies, and all Directors and relevant employees comply with this.

Communication with shareholders

The Company encourages two-way communication with both its institutional and private investors and attempts to respond quickly to all queries received verbally or in writing.

The Executive Directors undertake a programme of regular communication with institutional shareholders and with analysts covering the Group's activities, its performance and strategy.

The Executive Directors meet with institutional shareholders at least twice a year, after the half year and full year results are released.

The Board has sought to use the AGM to communicate with private investors and encourages their participation. The notice of the AGM, detailing all proposed resolutions, is notified to shareholders at least 20 working days before the meeting.

Culture and ethics

Billington is committed to carrying out all dealings with clients, suppliers, sub-contractors and employees in a fair, open and honest manner. It is also committed to complying with all legislative and regulatory requirements that impinge on its business activities.

The Board provides strong leadership and ensures that the Company's ethical values are delivered through the business by regularly engaging with Directors and members of senior management, and consistently reviewing and updating policies.

How Billington is governed

Each Board member has a direct responsibility to Billington, its employees and its investors, and aims to ensure the success of the Group.

Board

The Board comprises a Non Executive Chairman, two Executive Directors and three Non Executive Directors.

The Board members have different backgrounds and bring a varied range of skills and experience to the Company. Between them, members have in depth knowledge of engineering, operations, finance, investment and Billington itself, ensuring there is strong balance of expertise at Board level.

Board meeting attendance

Peter Hems – 10/11

Mark Smith – 11/11

Trevor Taylor – 11/11

John Gordon – 10/11

Dr. Alexander Ospelt – 3/11

Stephen Fareham – 10/11

Audit Committee

Chaired by Peter Hems

The Audit Committee comprises the Non Executive Directors and meets no less than twice each year.

It is normal practice to invite the Finance Director and the Chief Executive Officer to attend those meetings when considered appropriate.

The Audit Committee is responsible for the financial reporting of the Company and the Group, as well as detailed findings arising from external audit reviews.

The Committee reports to the Board on the Group's full and half year results, having examined the accounting policies on which they are based and ensured compliance with relevant accounting standards. In addition, it reviews the scope of the external audit, the effectiveness, independence and objectivity of the auditors, taking into account relevant regulatory and professional requirements.

Remuneration Committee

Chaired by Peter Hems

The Remuneration Committee comprises the Non Executive Directors and meets bi-annually, plus additional meetings when required. Its primary responsibility is to review salary levels, discretionary variable remuneration and the terms and conditions of service of the Executive Directors and other members of senior management where their financial remuneration package is above predetermined fiscal limits. The Remuneration Committee also reviews the compensation decisions made in respect of all other senior executives.

The Committee is also responsible for reviewing and determining, along with the Executive Directors, the overall Remuneration Policy applied to the Group and its subsidiaries. This includes the quantum of variable remuneration and the method of delivery, taking into account relevant regulatory and corporate governance developments.

The Remuneration Committee is authorised to seek any information it requires in order to perform its duties and obtain external legal or other professional advice that it considers necessary from time to time.



Independent Auditor's Report

Independent Auditor's Report to the members of Billington Holdings Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Billington Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the parent company statement of financial position, the parent company statement of changes in equity, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company 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.

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 are independent of the Group and the parent 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

- Overall materiality: £231,000, which represents approximately 5% of the group's profit before tax;
- The key audit matter was identified as revenue and profit recognition in relation to construction contracts; and
- We have performed full scope audit procedures on the financial statements of Billington Holdings Plc and on the financial information of all non-dormant subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
<p>Revenue and profit recognition in relation to construction contracts</p> <p>There is a risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>In respect of contractual arrangements with customers there is a risk that revenue is misstated as each contract's outcome and stage of completion requires management judgement.</p> <p>Also, there is a risk that the profit recognised in the year may not be appropriate and may have been manipulated. Profit is recognised on contracts when a particular percentage of the revenue associated with a contract has been received. Management also review all contracts at specific stages of completion at the year end to identify whether any additional profit could be reliably estimated and taken.</p> <p>We therefore identified revenue and profit recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • Assessing whether the revenue and profit recognition policies are in accordance with International Accounting Standard (IAS) 11 'Construction Contracts'; • Testing whether construction contracts had been accounted for in accordance with the accounting policy; • Selecting a sample of contracts and testing to original signed documentation, contract variations and valuation certificates prepared by the quantity surveyors; • Reviewing contracts at specific stages of completion to identify whether profit could be reliably estimated and whether profit has been appropriately taken; and • Agreeing a sample of revenue transactions to application for payments and proof of delivery. <p>The Group's accounting policy on revenue and profit recognition, including the key sources of estimation uncertainty, are shown in the Principal accounting policies section and related disclosures are included in note 2.</p> <p>Key observations</p> <p>Based on our audit work, we have found that revenues and profits are being accounted for in accordance with the Group's accounting policies and IAS 11 'Construction Contracts'.</p>

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work. Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£231,000, which represents approximately 5% of the Group's profit before tax. This benchmark is considered the most appropriate because profit before tax is a key performance indicator for the group. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2016 to reflect the year on year increase in profit before tax.	£75,000, which represents approximately 0.5% of the company's total assets. This benchmark is considered the most appropriate given the activities of the parent company, primarily being that of a holding company and its major activities relate to fixed assets included in the financial statements. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2016 to reflect the year on year increase in total assets.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	£5,000 has been used for directors' remuneration and related party transactions.	£5,000 has been used for directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£12,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£4,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Consolidated income statement for the year ended 31 December 2017

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile and in particular included:

- evaluation by the Group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality; and
- in order to address the audit risks described above as identified during our planning procedures, we performed a full-scope audit of the financial statements of the parent company, and of the financial information of the subsidiary undertakings representing all of the Group's operations. The operations that were subject to full-scope audit procedures made up 100 per cent of consolidated revenues and 100 per cent of total profit before tax, amortisation and exceptional items. This approach was consistent with the prior year.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors.

Matters on which we are required to report by exception

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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 for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 15, 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 parent 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 parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP


Donna Steel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

26 March 2018

	Note	2017		2016	
		£'000	£'000	£'000	£'000
Revenue, excluding movements in work in progress			72,156		64,291
Increase/(decrease) in work in progress			1,362		(957)
Revenue	2		73,518		63,334
Raw materials and consumables		47,324		39,005	
Other external charges		3,212		3,614	
Staff costs	3	14,168		12,903	
Depreciation	2	1,631		1,254	
Other operating charges		2,755		2,733	
			(69,090)		(59,509)
Group operating profit			4,428		3,825
Share of post tax profit in joint ventures	23		-		-
Total operating profit			4,428		3,825
Net finance expense	4		(17)		22
Profit before tax	2		4,411		3,803
Tax	5		(907)		(832)
Profit for the year			3,504		2,971
Profit for the year attributable to equity holders of the parent company			3,504		2,971
Earnings per share (basic and diluted)	7		29.1p		25.4p

All results arose from continuing operations.

The statement of accounting policies and notes 1 to 24 form part of these Group financial statements.



2017 revenues relating to structural steel activities are at a record level. This we believe highlights the efforts made by all involved in transitioning Billington to become a leader in its field and ensuring that it is at the forefront of technical innovation.

Consolidated statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Profit for the year		3,504	2,971
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit surplus	21	991	17
Movement on deferred tax relating to pension liability	16	(179)	(1)
Current tax relating to pension liability	5	12	32
Other comprehensive income, net of tax		<u>824</u>	<u>48</u>
Total comprehensive income for the year attributable to equity holders of the parent company		<u>4,328</u>	<u>3,019</u>

The statement of accounting policies and notes 1 to 24 form part of these Group financial statements.

Consolidated balance sheet as at 31 December 2017

	Note	2017		2016	
		£'000	£'000	£'000	£'000
Assets					
Non current assets					
Property, plant and equipment	8	13,591		13,148	
Pension asset	21	2,198		1,146	
Investments in joint ventures	9, 23	-		-	
Deferred tax asset	16	-		27	
Total non current assets		<u>15,789</u>		<u>14,321</u>	
Current assets					
Inventories and work in progress	11	11,012		9,865	
Trade and other receivables	12	5,700		5,581	
Cash and cash equivalents		<u>8,063</u>		<u>6,033</u>	
Total current assets			<u>24,775</u>		<u>21,479</u>
Total assets			<u>40,564</u>		<u>35,800</u>
Liabilities					
Current liabilities					
Current portion of long term borrowings	15	254		487	
Trade and other payables	13	15,954		13,940	
Current tax payable		<u>462</u>		<u>569</u>	
Total current liabilities			<u>16,670</u>		<u>14,996</u>
Non current liabilities					
Long term borrowings	14	1,750		2,005	
Deferred tax liabilities	16	<u>168</u>		-	
Total non current liabilities			<u>1,918</u>		<u>2,005</u>
Total liabilities			<u>18,588</u>		<u>17,001</u>
Net assets			<u>21,976</u>		<u>18,799</u>
Equity					
Share capital	18	1,293		1,293	
Share premium		1,864		1,864	
Capital redemption reserve		132		132	
Other reserve		(844)		(825)	
Accumulated profits		<u>19,531</u>		<u>16,335</u>	
Total equity			<u>21,976</u>		<u>18,799</u>

The Group financial statements were approved and authorised for issue by the Board of Directors on 26 March 2018.



Peter Hems
Chairman



Trevor Taylor
Finance Director

The statement of accounting policies and notes 1 to 24 form part of these Group financial statements.



Consolidated statement of changes in equity

for the year ended 31 December 2017

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve – ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2016	1,293	1,864	132	(904)	13,983	16,368
Transactions with owners						
Dividends (note 6)	-	-	-	-	(738)	(738)
Credit relating to equity-settled share based payments	-	-	-	-	71	71
ESOP movement in year	-	-	-	79	-	79
Transactions with owners	-	-	-	79	(667)	(588)
Profit for the financial year	-	-	-	-	2,971	2,971
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	17	17
Income tax relating to components of other comprehensive income	-	-	-	-	31	31
Total comprehensive income for the year	-	-	-	-	3,019	3,019
At 31 December 2016	1,293	1,864	132	(825)	16,335	18,799

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve – ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2017	1,293	1,864	132	(825)	16,335	18,799
Transactions with owners						
Dividends (note 6)	-	-	-	-	(1,205)	(1,205)
Credit related to equity-settled share based payments	-	-	-	-	73	73
ESOP movement in year	-	-	-	(19)	-	(19)
Transactions with owners	-	-	-	(19)	(1,132)	(1,151)
Profit for the financial year	-	-	-	-	3,504	3,504
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	991	991
Income tax relating to components of other comprehensive income	-	-	-	-	(167)	(167)
Total comprehensive income for the year	-	-	-	-	4,328	4,328
At 31 December 2017	1,293	1,864	132	(844)	19,531	21,976

The Group accumulated profits reserve includes a surplus of £1,824,000 (2016 – £951,000) relating to the net pension surplus.

The statement of accounting policies and notes 1 to 24 form part of these Group financial statements.

Consolidated cash flow statement

for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Group profit after tax		3,504	2,971
Taxation paid		(986)	(376)
Interest received		3	-
Depreciation on property, plant and equipment		1,631	1,254
Difference between pension charge and cash contributions		(31)	(123)
Share based payment charge		73	71
Profit on sale of property, plant and equipment		(216)	(228)
Taxation charge recognised in income statement		907	832
Net finance expense		17	22
(Increase)/decrease in inventories and work in progress		(1,147)	703
Increase in trade and other receivables		(119)	(266)
Increase in trade and other payables		2,014	596
Net cash flow from operating activities		<u>5,650</u>	<u>5,456</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,112)	(1,277)
Proceeds from sale of property, plant and equipment		254	263
Net cash flow from investing activities		<u>(1,858)</u>	<u>1,014</u>
Cash flows from financing activities			
Interest paid		(50)	(60)
Repayment of bank and other loans		(484)	(295)
Capital element of hire purchase payments		(4)	(6)
Dividends paid	6	(1,205)	(738)
Employee Share Ownership Plan share purchases		(19)	(37)
Employee Share Ownership Plan share sales	10	-	116
Net cash flow from financing activities		<u>(1,762)</u>	<u>(1,020)</u>
Net increase in cash and cash equivalents		<u>2,030</u>	<u>3,422</u>
Cash and cash equivalents at beginning of period		<u>6,033</u>	<u>2,611</u>
Cash and cash equivalents at end of period	24	<u>8,063</u>	<u>6,033</u>

The statement of accounting policies and notes 1 to 24 form part of these Group financial statements.

Principal accounting policies

These consolidated financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out below which comply with IFRS in issue as adopted by the European Union and are effective at 31 December 2017. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

(a) Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after 1 January 2017

The Group has not adopted any new standards or amendments that have a significant impact on the Group's results or financial position.

(b) Basis of consolidation

The Group financial statements consolidate those of the Parent company and all of its subsidiary undertakings. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Income, expenditure, unrealised gains and intra-group balances arising from transactions within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Amounts in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred to the vendor over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

(c) Revenue

In the case of contracts with customers for services where the contract is essentially for the provision of labour, materials and plant, revenue represents the value of labour, material and plant supplied in the period based on rates agreed with customers.

In the case of contracts with customers which have the characteristics of construction contracts, revenue is the total amount receivable in respect of work done, including certified amounts recoverable on contracts, and is treated as follows:

- the amount by which recorded revenue is in excess of payments on account is the gross amount due from customers and is included within work in progress
- the balance of payments on account in excess of amounts (a) matched with revenue and (b) offset against contract balances are classified as payments on account and separately disclosed within trade and other payables
- revenue and costs are recognised by reference to stage of completion at the balance sheet date once the outcome of the contract can be measured reliably
- the level of completion is determined by reference to the work certified against the overall anticipated contract value at a given point in time
- revenue is recognised when the Company is notified of certified works by the contractor. When the outcome of a contract cannot be estimated reliably, revenue is recognised to the extent that it is probable that the costs are recoverable
- when it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense.

In the case of asset rentals relating to the use of the Group's safety solutions products, revenue is charged to customers on a time accrual basis.

In all other cases, revenue represents the fair value of consideration received or receivable for goods supplied in the period, excluding VAT and other discounts. Revenue is recognised when the goods are despatched or the goods are complete and are available for collection by the customer whichever is the earlier, which is when the significant risks and rewards of ownership are considered to be transferred.

In accordance with IAS 11 the Group does not recognise the revenue and profit attributable to claims and disputed amounts on contracts until the recovery of these amounts is considered probable and when the outcome can be estimated reliably.



A notable increase in European enquiries.

Principal accounting policies Continued

(d) Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation is calculated to write off the cost of property, plant and equipment (other than freehold land) less estimated residual value by equal annual instalments over their expected useful lives. The expected useful lives and material residual value estimates are updated as required, but at least annually.

The rates applicable are:

Freehold and long leasehold property	2% to 4%
Plant, equipment and vehicles	5% to 40%

Investment property is carried at fair value determined annually by the directors by reference to current market rents and investment property yields for comparable properties. No depreciation is provided. Changes in fair value are recognised in retained earnings.

Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

(e) Inventories and work in progress

Inventories and work in progress are valued at the lower of cost, including applicable overheads, and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula.

Contract work in progress is included in revenue. Where contract costs are in excess of payments on account the contract work in progress is included in revenue to the extent that it is probable that the costs are recoverable.

Provision is made for probable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date.

(f) Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (ie actuarial gains and losses) in which case the related deferred tax is also recognised in other comprehensive income.

(g) Retirement benefits

Defined Contribution pension schemes

The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined Benefit pension schemes

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that benefits are already vested the Group recognises past service cost immediately.

Actuarial gains and losses are recognised immediately in other comprehensive income. The gross surplus or deficit is presented on the face of the statement of financial position. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost, past service cost and costs from settlements and curtailments are charged against other operating charges. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance income/costs.

Short-term employee benefits, including holiday entitlement, are included in current pension and other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

(h) Leased assets

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

All other leases are regarded as operating leases and the payments made under them are charged to profit or loss on a straight line basis over the period of the lease term. Lease incentives are spread over the term of the lease.

(i) Employee Share Ownership Plan(s)

The Group's Employee Share Ownership Plan/Trust (ESOP/ESOT) are separately administered trusts. The assets of the ESOP/ESOT comprise shares in the company and cash. The assets, liabilities, income and costs of the ESOP/ESOT have been included in the consolidated financial statements as the Group exercises control over the ESOP/ESOT in accordance with the terms of the trust deed. The shares in the Company are included at cost to the ESOP/ESOT and deducted from equity and dividend income is excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed. When calculating earnings per share these shares are treated as if they were cancelled. The charge relating to share options is determined using the Black-Scholes model to ascertain the fair value of the granted options. Details of the charge through the Consolidated Income Statement can be seen in notes 3 and 10 of the Group financial statements.

(j) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All foreign exchange differences are dealt with through the income statement.

(k) Joint ventures

Joint ventures are entities over which the Group holds a contractual share of joint control. The Group financial statements incorporate joint ventures under the equity method of accounting, supplemented by additional disclosures.

The Group's share of the profits, losses, finance income, finance cost and taxation of joint ventures are included in the Group income statement. The Group balance sheet includes the investment in joint ventures at the Group's share of net assets.

(l) Financial assets

Financial assets are divided into the following category: loans and receivables. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group only has loans and receivables, which are recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and other receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group may not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the original effective interest rate.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Principal accounting policies Continued

(m) Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group only has financial liabilities at amortised cost, which are recorded initially at fair value, net of direct issue costs.

Other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

(o) Dividends

Dividend distributions payable to equity shareholders are included in trade and other payables when the dividends are approved in general meeting prior to the balance sheet date, and are debited direct to equity within accumulated profits.

(p) Equity

Equity comprises the following:

Called up share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Capital redemption reserve represents the purchase cost of shares repurchased by the Group in 1998.

Other reserves represents the purchase cost of the shares held within the Employee Share Ownership Plan (ESOP).

Accumulated profits represents retained profit, and gains and losses due to the revaluation of certain property, plant and equipment prior to the implementation of IFRS.

(q) Segmental reporting

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its previous financial statements. The disclosure is based on the information that is presented to the chief operating decision maker, which is considered to be the executive board of Billington Holdings Plc. There have been no changes from prior periods in the measurement methods used to determine segment profit or loss.

(r) Standards and interpretations in issue not yet effective

The following standards and interpretations of relevance to the Group have been issued, but are not effective and have not been adopted by the Group:

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- IFRS 16 Leases (effective 1 January 2018)

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

A detailed review of the likely impact of IFRS 15 has been carried out. Current revenue recognition policies are in line with those required by the new standard, and so we are not anticipating any restatement of 2017 numbers or alteration to existing practice in order to implement this new standard.

IFRS 16 has yet to be considered by the Group.

Other standards and interpretations in issue but not yet effective are not considered to have any relevance to the Group.

(s) Significant management judgements and estimates in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements. Critical estimation uncertainties are described below.

Construction contract revenue

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process management makes significant judgements about milestones, actual work performed, costs to complete and the overall contract value. Further information on the Group's accounting policy for construction contracts is provided in note (c).

Recognition of pension scheme surplus

Management consider that where the pension scheme is in surplus it is appropriate to recognise this as an asset in the Group balance sheet. The scheme rules indicate that any surplus will be returned to the sponsoring company upon cessation.

Deferred tax asset

The assessment of the probability of future taxable income against which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is recognised in full to the extent that it is probable taxable profits will be available. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Construction contract revenue

The carrying amount of construction contracts and revenue recognised from construction contracts reflects management's best estimate about each contract's outcome and stage of completion. The Group's management assesses the profitability of ongoing construction contracts and the order backlog at least monthly, using extensive project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2017 management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in note 8.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence of market value available at the times the estimates are made.

Defined benefit obligation

Management estimates the defined benefit obligation annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit obligation of £6,317,000 (2016: £6,830,000) is based on standard rates of inflation and appropriate mortality tables. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

The defined benefit pension scheme was closed to future accrual in 2011.

(t) Capital management policies and procedures

Billington Holdings' capital management objectives are to ensure the Group's ability to continue as a going concern and provide an adequate return to shareholders.

The Group and subsidiary companies' Boards meet regularly to review performance and discuss future opportunities and threats with an aim to maximising return and minimising risk.

The Group monitors capital as the carrying amount of equity less cash and cash equivalents as set out on the face of the balance sheet. There are no covenants in place over the capital ratio to be maintained.



Capacity within the wider structural steel market has been increasing with significant investment in capital resources being noted in the year. With the increase in market capacity it is anticipated that operating margins will remain at or around this level for the foreseeable future.

Notes forming part of the Group financial statements for the year ended 31 December 2017

1. Segmental information

The Group trading operations of Billington Holdings Plc are only in Structural Steel, and all are continuing. This includes the activities of Billington Structures Limited, easi-edge Limited, Peter Marshall Steel Stairs Limited and hoard-it Limited. The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are considered incidental to the activities of Billington Structures Limited and have therefore not been shown as a separate operating segment but have been subsumed within Structural Steel. All assets of the Group reside in the UK.

2. Revenue and profit before tax

Revenue and profit before tax are attributable to the Group's continuing operations. During 2017 92%/£67.7 million (2016: 91%/£57.4 million) of revenue was derived from construction contracts. One customer included within the structural steel sector accounted for greater than 10% of the Group's revenue. This contractor accounted for 22% (2016: one contractor greater than 10% with 12%) of Group revenue. The one contractor with revenue of greater than 10% in 2017 and 2016 relate to different customers.

Analysis of revenue by geographical area based on customer location

	2017 £'000	2016 £'000
Revenue from structural steel		
United Kingdom	71,180	61,005
Rest of Europe	4	4
	<u>71,184</u>	<u>61,009</u>
Revenue from sales of services		
United Kingdom	2,334	2,325
Total Revenue	<u>73,518</u>	<u>63,334</u>

Profit before tax is stated after

	2017 £'000	2016 £'000
An analysis of fees paid to the Group's auditor:		
Fees payable to the parent company's auditor for the audit of the company's annual accounts	33	28
Fees payable to the company's auditor for other services:		
the audit of the company's subsidiaries	30	29
tax compliance	4	4
tax advisory	4	4
other services	17	4
Depreciation	1,631	1,254
Profit on disposal of property, plant and equipment	(216)	(228)
Operating lease charges:		
short term hire of plant and machinery	32	13
operating leases – other	182	172
operating leases – property	<u>93</u>	<u>93</u>

3. Staff costs

Staff costs during the year including directors

	2017 £'000	2016 £'000
Wages and salaries	12,367	11,278
Social security	1,342	1,191
Pension costs	386	363
Share-based payments	73	71
	<u>14,168</u>	<u>12,903</u>

The average number of employees of the Group during the year was 360 (2016: 340).

Key management are only considered to be the directors of Billington Holdings Plc and all are remunerated through this Company. Remuneration in respect of key management was as follows:

Remuneration in respect of key management

	Salary and fees £'000	Other emoluments £'000	Pension £'000	Total 2017 £'000	Total 2016 £'000
Executive					
Mark Smith	176	75	12	263	228
Trevor Taylor	130	60	19	209	184
Non Executive					
Peter Hems	56	–	–	56	55
John Gordon	35	1	–	36	36
Stephen Fareham	35	4	–	39	37
Dr. Alexander Ospelt	12	–	–	12	10
	<u>444</u>	<u>140</u>	<u>31</u>	<u>615</u>	<u>550</u>
Employer's NI				73	64
Key management personnel compensation				<u>688</u>	<u>614</u>
Short-term employee benefits				657	576
Long-term employee benefits				<u>31</u>	<u>38</u>
				<u>688</u>	<u>614</u>

Other emoluments received consist of the provision for private medical care, bonuses and motor car allowances.

During the previous year each of the Executive Directors received 9,917 share options related to the Inland Revenue approved share option scheme, exercisable at a price of £3.03 between the third and tenth anniversary of their grant.

After the year end it was agreed to award Mark Smith 6,936 share options and Trevor Taylor 5,465 share options related to the unapproved share option scheme, exercisable at nil value between

the third and tenth anniversary of their grant. During the previous year each of the Executive Directors received 25,000 share options related to this scheme, exercisable at a price of £1.515 between the third and tenth anniversary of their grant.

During the year no directors (2016: no directors) exercised share options.

During the year no directors (2016: no directors) participated in defined benefit pension schemes and two directors (2016: two directors) participated in a defined contribution pension scheme.

Notes forming part of the Group financial statements for the year ended
31 December 2017 Continued

4. Net finance cost

	2017 £'000	2016 £'000
Payable on bank loans and overdrafts	(50)	(61)
Receivable on bank balances	3	1
Other finance income – pension scheme (see note 21)	30	38
Net finance cost	<u>(17)</u>	<u>(22)</u>

5. Tax on profit on ordinary activities

The tax charge represents

	2017 £'000	2016 £'000
Corporation tax at 19.2% (2016 – 20.0%)	883	822
Adjustment in respect of prior years	8	–
Total current tax	891	822
Deferred tax charge – (note 16)	16	10
Total tax charge for the year	<u>907</u>	<u>832</u>

	2017 £'000	2016 £'000
Tax relating to other comprehensive income:		
Corporation tax at 19.2% (2016 – 20.0%)		
Current tax credit relating to pension liability	<u>(12)</u>	<u>(32)</u>

This reflects the tax relief available on additional contributions made to finance the net pension deficit. The tax assessed for the year is at the standard rate of corporation tax in the United Kingdom of 19.2% (2016: 20.0%). The differences are explained as follows:

Differences to standard rate of corporation tax

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	4,411	3,803
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19.2% (2016 – 20.0%)	847	761
Effects of:		
expenses not deductible for tax purposes	11	89
adjustments to tax charge in respect of prior years	8	–
rate differences	–	(19)
deferred tax not recognised	14	–
other adjustments	27	1
Total tax charge for year	<u>909</u>	<u>832</u>

6. Dividends

A final dividend was paid in July 2017 in respect of 2016 of 10 pence per ordinary share (£1,205,000).

A final dividend has been proposed in respect of 2017 of 11.5p per ordinary share (£1,487,000). As the distribution of dividends by Billington Holdings Plc requires approval at the shareholders' meeting, no liability in this respect is recognised in the consolidated financial statements.

7. Earnings per share

Earnings per share is calculated by dividing the profit for the year of £3,504,000 (2016: profit – £2,971,000) by 12,040,608 (2016: 11,715,526) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOP Trust.

There is no impact on a full dilution of the earnings per share calculation as there are no potentially dilutive ordinary shares.

8. Property, plant and equipment

	Freehold property £'000	Long leasehold property £'000	Investment property £'000	Plant, equipment and vehicles £'000	Total £'000
Cost					
At 1 January 2016	7,796	1,000	600	14,612	24,008
Additions	–	–	–	1,277	1,277
Disposals	–	–	–	(284)	(284)
At 1 January 2017	7,796	1,000	600	15,605	25,001
Additions	–	–	–	2,112	2,112
Disposals	–	–	–	(318)	(318)
At 31 December 2017	<u>7,796</u>	<u>1,000</u>	<u>600</u>	<u>17,399</u>	<u>26,795</u>
Depreciation					
At 1 January 2016	526	–	–	10,322	10,848
Charge for year	77	–	–	1,177	1,254
Disposals	–	–	–	(249)	(249)
At 1 January 2017	603	–	–	11,250	11,853
Charge for year	77	–	–	1,554	1,631
Disposals	–	–	–	(280)	(280)
At 31 December 2017	<u>680</u>	<u>–</u>	<u>–</u>	<u>12,524</u>	<u>13,204</u>
Net book value at 31 December 2017	<u>7,116</u>	<u>1,000</u>	<u>600</u>	<u>4,875</u>	<u>13,591</u>
Net book value at 31 December 2016	<u>7,193</u>	<u>1,000</u>	<u>600</u>	<u>4,355</u>	<u>13,148</u>

Freehold property includes £3,994,000 in respect of land which is not subject to depreciation. Long leasehold property represents land which is not subject to depreciation.

All the Group's freehold properties have been charged to the bank to secure bank facilities.

Investment property is held at fair value and is subject to measurement by the directors at each statement of financial position date by reference to recent valuations by an independent professional valuer, current market rates and yields for comparable properties.

Notes forming part of the Group financial statements for the year ended 31 December 2017 Continued

9. Investments

All Group companies have only ordinary shares in issue and are registered in England and Wales unless otherwise stated.

The subsidiary undertakings and joint ventures are as follows:

Subsidiary undertakings and joint ventures

	Activity	Proportion of shares held by	
		Group %	Company %
Continuing			
Billington Structures Limited	Structural steel	100	100
easi-edge Limited	Safety solutions	100	100
Peter Marshall Steel Stairs Limited	Structural steel	100	100
hoard-it Limited	Site hoarding solutions	100	100
Billington Fleet Management Limited	Dormant	100	100
Shafon Steel Limited	Dormant	100	100
Shafon Steel Services Limited	Dormant	100	100
Tubecon Limited	Dormant	100	100
Amco Corporation Limited	Dormant	100	100
Joint ventures			
BS2 (2011) Limited	Structural steel	50	-

10. Share based payments

The Employee Share Ownership Plan (the Trust/ESOP) was established by Deed dated 25 September 1991 between Billington Holdings Plc (the Company) and Ocorian Trustees (Jersey) Limited (the Trustee) (previously Bedell Trustees Limited). It is an employee benefit trust established for the benefit of the bona fide employees of the Company and other Group companies (the Beneficiaries). The Trust is a discretionary trust whose assets at present are shares in the Company and cash, although there are wide investment powers in the hands of the Trustee, who has full power to distribute the assets as it deems fit to the Beneficiaries.

The Trust was established in contemplation of the operation of any Inland Revenue approved or unapproved share scheme and in this regard an unapproved share option scheme over shares in the Company was set up on 21 February 1992 and other approved or unapproved share schemes may be set up in the future.

Administration costs amounted to £21,000 during the year (2016: £15,000).

On 14 December 2015 a new Employee Share Ownership Trust (the Trust/ESOT) was established and operated by Ocorian Trustees (Jersey) Limited on behalf of the employees and former employees of Billington Holdings Plc and its subsidiaries. On 7 January 2016 700,000 ordinary shares of 10p each were transferred from the existing Trust (ESOP) established 25 September 1991 for the issuing of future options to employees of the Group.

On 2 June 2017 a further 185,919 ordinary shares of 10p each were transferred from the existing Trust (ESOP) established 25 September 1991 for the issuing of future options to employees of the Group.

As of 31 December 2017 the Trusts held 893,719 (2016: 885,919) ordinary shares of 10p each in the capital of the company (6.91% of the allotted share capital (2016: 6.85%)). The market value of the shares in the ESOP/ESOT Trusts at 31 December 2017 was £2,524,756 (2016: £2,170,502).

Dividends are not waived in respect of the 1991 scheme, which holds 7,800 shares at the year end. Dividends are waived in respect of the 2015 scheme, which holds 885,919 shares at the year end.

On 22 January 2018 the remaining 7,800 ordinary shares of 10p each held in the 1991 ESOP Trust were transferred to the 2015 ESOT. The balance of shares remaining in the 1991 ESOP Trust is nil and it is intended to close the Trust in 2018.

During the year ended 31 December 2017, the Group had two share-based payment arrangements. Under both arrangements the options are granted with a fixed exercise price, are exercisable three years after the date of grant and expire ten years after the date of grant. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Group, or have left in accordance with the 'good leaver' provisions until exercise, otherwise the awards lapse. On exercise of the options by the employees the Company issues shares held in trust by the Billington Holdings ESOT.

	No. of shares		Weighted average exercise price	
	2017	2016	2017	2016
Balance forward at 1 January	290,537	-	2.77	-
Granted	-	310,261	-	2.79
Lapsed	(20,334)	(19,724)	3.03	3.03
Outstanding at 31 December	270,203	290,537	2.75	2.77

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to this scheme. The following inputs were used:

	2016
Share price at date of grant (18 January 2016)	303p
Weighted average exercise price	277p
Expected volatility	25.0%
Expected dividends	Nil
Risk free rate	1.5%
Expected option life	3 years

The underlying volatility was determined by reference to historical data of the Company's shares over a period of time since its flotation. No special features inherent to the options granted were incorporated into measurement of fair value.

The total charge for the year was £73,000 (2016: £71,000).

11. Inventories and work in progress

	2017 £'000	2016 £'000
Raw materials	692	907
Work in progress	10,320	8,958
	11,012	9,865

Raw materials and consumables recognised as an expense in the Income Statement for the year ended 31 December 2017 totalled £47,324,000 (2016: £39,005,000).

The provision against the value of inventories at the balance sheet date was £94,000 (2016: £nil).

No reversal of previous write-downs was recognised as a reduction of expense in 2016 or 2017. None of the inventories are pledged as securities for liabilities.

Notes forming part of the Group financial statements for the year ended 31 December 2017 Continued

12. Trade and other receivables

	2017 £'000	2016 £'000
Amounts due from structural steel customers:		
Trade receivables	2,601	2,939
Retentions due within one year	1,679	1,251
Retentions due after one year	861	747
Total	5,141	4,937
Other receivables	45	200
Prepayments and accrued income	514	444
	<u>5,700</u>	<u>5,581</u>

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £538,000 (2016: £494,000) has been recorded accordingly. The amount charged to the consolidated income statement for the year in relation to bad debts was £92,000 (2016: £72,000).

Movement in the provision for trade receivables

	2017 £'000	2016 £'000
Balance at 1 January	494	507
Impairment loss	44	-
Impairment loss reversed	-	(13)
Balance at 31 December	<u>538</u>	<u>494</u>

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

Financial assets past due as at the reporting date

	2017 £'000	2016 £'000
Not more than three months	761	670
More than three months but not more than six months	307	263
More than six months but not more than one year	-	24
	<u>1,068</u>	<u>957</u>



...continuing developments during the year to improve the maintenance and refurbishment processes for the existing barrier fleet and work continues to improve the barrier design.

Notes forming part of the Group financial statements for the year ended 31 December 2017 Continued

13. Trade and other payables

	2017 £'000	2016 £'000
Trade payables	12,729	10,348
Social security and other taxes	1,263	1,599
Other payables	149	819
Accruals	1,813	1,174
	<u>15,954</u>	<u>13,940</u>

14. Long term borrowings

	2017 £'000	2016 £'000
Property loans (note 15)	2,000	2,484
Hire purchase		
less than one year	4	3
between one and two years	-	5
	<u>2,004</u>	<u>2,492</u>

15. Property loans

Loans at commercial rates

	2017 £'000	2016 £'000
Due within one year	250	484
Repayable within five years	1,750	2,000
	<u>2,000</u>	<u>2,484</u>

The bank loan is secured by way of first legal mortgage over certain freehold properties of the Group. The loan is for a three year term and interest is payable at 1.75% over bank base rate. A second bank loan was repaid during the period.

16. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 17% (2016 – 17%).

	2017 £'000	2016 £'000
Deferred tax asset recognised in income statement		
At 1 January	222	232
Charged in the year	(16)	(10)
At 31 December	<u>206</u>	<u>222</u>
Accelerated capital allowances	9	(5)
Other temporary differences	197	227
	<u>206</u>	<u>222</u>
Deferred tax asset recognised in other comprehensive income		
Pension surplus	(374)	(195)
Total deferred tax (liability)/asset	<u>(168)</u>	<u>27</u>

The recoverability of the deferred tax asset is dependent on future taxable profits. Group companies are budgeted to make profits in the next few years which supports the recognition of these assets. There are no unrecognised deferred tax assets.

Movements on the deferred tax asset relating to the pension asset (see Statement of Comprehensive Income) are recognised directly in equity. All other deferred tax movements are recognised in the income statement.

The Government announced in March 2012 a reduction in the rate of corporation tax to 24% with effect from 1 April 2012, with further reductions of 1% each year to 20% by 1 April 2016. At the Summer Budget 2015, the Government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and 17% for the year starting 1 April 2020.

17. Financial instruments

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The financial risk management objectives and policies are set out in the report of the directors.

Financial assets

The Group's financial assets comprise cash and cash equivalents and trade and other receivables. Cash earns interest at floating rates and the other financial assets do not attract interest.

Financial liabilities

The types of financial liabilities used by the Group comprise trade payables, other payables, other accruals and a property loan.

Monetary assets and liabilities denominated in a foreign currency

All monetary assets and liabilities are denominated in Sterling.

Liquidity risk

As at 31 December 2017 the Group's financial liabilities have contractual maturities which are summarised below:

	31 December 2017		
	Current within 6 months £'000	Current 6 to 12 months £'000	Between 1 and 5 years £'000
Trade payables	12,729	-	-
Other payables	149	-	-
Accruals	1,813	-	-
Property loans	125	125	1,750
	<u>14,816</u>	<u>125</u>	<u>1,750</u>

Notes forming part of the Group financial statements for the year ended 31 December 2017 Continued

This compares to the maturity of financial liabilities for the Group in the previous reporting period which was as follows:

31 December 2016			
	Current within 6 months	Current 6 to 12 months	Between 1 and 3 years
	£'000	£'000	£'000
Trade payables	10,348	-	-
Other payables	819	-	-
Accruals	1,174	-	-
Property loans	147	337	2,000
	<u>12,488</u>	<u>337</u>	<u>2,000</u>

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs through the close control, monitoring and forecasting of cash inflows and cash outflows. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Management believe that levels of cash reserves and available headroom are sufficient to meet the Group's needs over its forecast period.

Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

	2017	2016
	£'000	£'000
Trade and other receivables (excluding prepayments and accrued income)	5,186	5,137
Cash and cash equivalents	<u>8,063</u>	<u>6,033</u>
	<u>13,249</u>	<u>11,170</u>

In order to manage the credit risk the directors consider exposure on a customer by customer basis for significant contracts. Customer and other counterparties defaults are monitored and incorporated into the Group's credit risk controls. Credit insurance is maintained on all significant balances, where available. External credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's management considers that all the above financial assets at each of the reporting dates under review are of good credit quality, including those that are past due, excluding those provided against.

The balance of trade and other receivables is in the main collected post year end and is not considered to be a significant credit risk. The credit risk for liquid funds is negligible, since the counterparties are reputable banks with high quality external credit ratings secured against government assets.

Sensitivity analysis

As at 31 December 2017 the Group was not utilising an overdraft and had one loan relating to property purchased in 2015. The Group's management consider that the Group had sufficient bank facilities in place.

Interest earned on cash reserves within the Group largely equates to the Bank of England base rate plus 50bps. During the year ended 31 December 2017 the average base rate was 0.5% with the rate being 0.5% as at the balance sheet date. The interest income expected to be earned on the Group's cash reserves in 2018 is expected to remain at current levels since the base rate is expected to remain at its current depressed level. The financial impact of a reasonably possible change in interest rates of 1% is not considered to have a material effect on the results of the Group.

Summary of financial assets and financial liabilities by category

	2017	2016
	£'000	£'000
Current assets		
Trade and other receivables (excluding prepayments and accrued income)	5,186	5,137
Cash and cash equivalents	<u>8,063</u>	<u>6,033</u>
Loans and receivables	<u>13,249</u>	<u>11,170</u>
Current liabilities		
Trade payables	12,729	10,348
Other payables	149	819
Accruals	<u>1,813</u>	<u>1,174</u>
	14,691	12,341
Property and other loans	<u>2,004</u>	<u>2,492</u>
Financial liabilities measured at amortised cost	<u>16,695</u>	<u>14,833</u>
Net financial liabilities	<u>(3,446)</u>	<u>(3,663)</u>

Non financial assets and liabilities not within the scope of IAS 39

	2017	2016
	£'000	£'000
Property, plant and equipment	13,591	13,148
Inventories and work in progress	11,012	9,865
Prepayments and accrued income	514	444
Deferred tax assets	(168)	27
Pension assets	2,198	1,146
Social security and other taxes	(1,263)	(1,599)
Current tax payable	<u>(462)</u>	<u>(569)</u>
	<u>25,422</u>	<u>22,462</u>
Total Equity	<u>21,976</u>	<u>18,799</u>

Notes forming part of the Group financial statements for the year ended 31 December 2017 Continued

18. Called up share capital

Equity	2017		2016	
	No. of shares	£'000	No. of shares	£'000
Authorised				
Ordinary shares of 10p each	27,500,000	2,750	27,500,000	2,750
Allotted and fully paid				
Ordinary shares of 10p each	12,860,959	1,286	12,860,959	1,286
"A" ordinary shares of 10p each	73,368	7	73,368	7
	<u>12,934,327</u>	<u>1,293</u>	<u>12,934,327</u>	<u>1,293</u>

During the year no "A" ordinary shares were converted into ordinary shares (2016 – none). Both classes of share rank pari passu in all respects. Details of company share options outstanding at 31 December 2017 and treasury shares held by the ESOP Trusts are given in note 10.

19. Ultimate controlling related party

At the year end, the directors considered that the Company had no ultimate controlling party.

20. Operating lease obligations

Group commitments to operating lease payments	2017		2016	
	Other £'000	Land & buildings £'000	Other £'000	Land & buildings £'000
Total lease payments				
within one year	164	81	124	94
between one and five years	206	128	117	209
over five years	–	–	–	–
	<u>370</u>	<u>209</u>	<u>241</u>	<u>303</u>

The Group leases certain premises under operating leases which expire between 2018 and 2020. The Group also leases certain motor vehicles whose total future minimum rentals are shown above.

21. Retirement benefits

The Group operates funded pension schemes for certain employees and directors. The total contributions to all pensions by the Group for the year was £417,000 (2016: £486,000).

Defined contribution schemes accounted for £386,000 (2016: £363,000) of this amount with £31,000 (2016: £123,000) relating to a defined benefit scheme, where the benefits are based on final pensionable pay.

The defined benefit scheme is legally separated from the Group and is managed by a board of trustees. The board of trustees of the scheme is required by its articles of association to act in the best interest of the fund and is responsible for setting the investment policies. The Group is represented on the board of trustees by employer nominated and appointed trustees.

The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit credit method of valuation. The latest actuarial valuation of the Group's pension scheme was carried out as at 31 March 2017 (approved 8 January 2018).

In accordance with the terms of the recovery plan dated 8 January 2018 the Group expects to contribute £nil to the defined benefit pension scheme in the year ending 31 December 2018. The next scheme funding actuarial valuation is due as at 31 March 2020. The recovery plan and schedule of contributions will be reviewed at this date.

The scheme was closed to future accrual at 1 July 2011 and any remaining surplus upon satisfaction of all scheme liabilities is returnable to the Group.

The scheme exposes the Group to actuarial risk such as interest rate risk, investment risk, longevity risk and inflation risk:

Interest rate risk

The present value of the defined benefit liabilities is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation.

A decrease in market yield on high quality corporate bonds will increase the value of the scheme's liabilities, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk

The plan assets at 31 December 2017 are held predominantly in equity and debt instruments. The fair value of the equity assets is exposed to the risks of movements in UK and Overseas equity markets.

Longevity risk

The Group is required to provide benefits for life for the members of the scheme. The liabilities of the scheme are sensitive to unexpected changes in future mortality.

Inflation risk

Elements of the pensions in payment under the scheme are linked to inflation. An increase in the inflation rate would increase the value placed on the liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

Value of scheme assets

	Value at 31 December		
	2017 £'000	2016 £'000	2015 £'000
Equities			
UK	–	1,292	1,106
Overseas	459	997	1,074
Bonds			
UK Government	2,058	2,044	1,514
UK Corporate	–	1,409	1,436
Equity-linked Bonds	3,487	–	–
Cash	60	30	32
Other	<u>2,451</u>	<u>2,204</u>	<u>1,952</u>
Total market value of assets	8,515	7,976	7,114
Present value of scheme liabilities	<u>(6,317)</u>	<u>(6,830)</u>	<u>(6,146)</u>
Surplus in the scheme	2,198	1,146	968
Related deferred tax liability	<u>(374)</u>	<u>(195)</u>	<u>(194)</u>
Net pension asset	<u>1,824</u>	<u>951</u>	<u>774</u>

Notes forming part of the Group financial statements for the year ended 31 December 2017 Continued

	2017 £'000	2016 £'000
A reconciliation of the defined benefit obligation and plan assets to the amounts presented in the balance sheet for each of the reporting periods is presented below:		
Defined benefit obligation	(6,137)	(6,830)
Fair value of plan assets	8,515	7,976
	<u>2,198</u>	<u>1,146</u>
Analysis of the amount charged to other finance income:		
Interest income	208	251
Interest on pension scheme liabilities	(178)	(213)
Total income recognised in profit or loss	<u>30</u>	<u>38</u>
Analysis of amount recognised in statement of comprehensive income:		
Return on plan assets (excluding amounts included in net interest)	552	1,263
Actuarial losses from changes in financial assumptions	(120)	(1,514)
Actuarial gains from changes in demographic assumptions	559	268
Total income recognised in other comprehensive income	<u>991</u>	<u>17</u>

Movements in the fair value of plan assets

	2017 £'000	2016 £'000
At 1 January	7,976	7,114
Interest income	208	251
Return on plan assets (excluding amounts included in net interest)	552	1,263
Contributions	31	123
Benefits paid	(252)	(775)
At 31 December	<u>8,515</u>	<u>7,976</u>

Movements in the defined benefit obligation

	2017 £'000	2016 £'000
At 1 January	(6,830)	(6,146)
Interest cost	(178)	(213)
Remeasurement – actuarial (gains)/losses from changes in financial assumptions	(120)	(1,514)
Remeasurement – actuarial losses from changes in demographic assumptions	559	268
Benefits paid	252	775
At 31 December	<u>(6,317)</u>	<u>(6,830)</u>

The assumptions adopted for the scheme valuation were developed by Group management with the advice of an independent actuary. These assumptions are based on current actuarial benchmarks, management's historical experience and by reference to market yields on corporate bonds.

The significant actuarial assumptions used for the valuation are as follows:

Actuarial assumptions

	2017 %	2016 %	2015 %
Rate of increase in pensionable salaries	3.2	3.4	3.2
Rate of increase in pensions in payment	3.1	3.3	3.2
Discount rate	2.4	2.7	3.7
Inflation assumption	3.2	3.4	3.2

The mortality assumption adopted for the purposes of the calculations as at 31 December 2017 is as follows:

- Base table: S2Px tables, year of birth.
- Future mortality improvements: CMI 2016 mortality projection model at 1.5% per annum.

Average life expectancies – Billington Scheme

	2017	2016
Male retiring at reporting date at age 62 (in years)	25.0	25.3
Male retiring at reporting date +20 years at age 62 (in years)	26.8	27.5
Female retiring at reporting date at age 62 (in years)	26.9	27.4
Male retiring at reporting date +20 years at age 62 (in years)	28.8	29.6

Members are assumed to retire at the earliest age at which they can take their full pension unreduced. No allowance is included for members continuing their benefits at retirement.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the rate of inflation and the average life expectancy. The calculation of the net defined benefit surplus is sensitive to these assumptions.

Changes in the significant actuarial assumptions

	2017 £'000	2016 £'000
0.25% increase to discount rate	(290)	(290)
0.25% increase in inflation and related assumptions	170	220
0.5% increase in life expectancy	120	186

The above shows the impact on the defined benefit obligation if the assumptions were changed as shown (assuming all other assumptions remain constant). This sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes forming part of the Group financial statements for the year ended 31 December 2017 Continued

22. Related party transactions

During the year the Group had two common directors with Tolent PLC, Mr P.K. Hems and Dr. A. Ospelt. The Group has in the past undertaken normal arm's length trading activities with related undertakings of Tolent PLC. Revenue amounting to £nil (2016: £nil) at normal market rates is in respect of Tolent PLC related undertakings. A balance of £nil (2016: £nil) was outstanding at the year end.

During the year the company had two common directors with Gutenga Investments PCC Limited, Mr P.K. Hems and Dr. A. Ospelt. There have been no transactions with the Group in the current period (2016: £nil).

23. Joint ventures

The Group's investment in joint ventures relates to an equal shareholding of £1 held in BS2 (2011) Limited which was incorporated on 23 February 2011. The principal activity of BS2 (2011) Limited is that of design engineering, fabrication and construction of structural steelwork and commenced trading on 1 November 2011.

The joint venture has been accounted for in the Group accounts using the equity accounting method.

The Group's share of transactions and balances with BS2 (2011) Limited as at 31 December 2017 were as follows:

The Group's share of transactions and balances with BS2 (2011) Limited

	£'000
Share of revenue	-
Share of profit before taxation	-
Share of profit after taxation	-
Share of current assets	3
Share of liabilities due within one year	3

24. Reconciliation of net cash flow to movement in net cash

	Cash and cash equivalents £'000	Property loans and hire purchase £'000	Net cash £'000
At 1 January 2016	2,611	(2,793)	(182)
Cash flow	3,422	301	3,723
At 31 December 2016	6,033	(2,492)	3,541
Cash flow	2,030	488	2,518
At 31 December 2017	8,063	(2,004)	6,059

Revenue has increased 16 per cent year on year primarily as a result of Billington Structures increasing its output, particularly in relation to its traditional structural steelwork activities.

Parent company statement of financial position as at 31 December 2017

	Note	2017		2016	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		8,660		8,749
Investments	9		570		1,320
			<u>9,230</u>		<u>10,069</u>
Current assets					
Debtors falling due within one year	11	773		1,498	
Cash at bank and in hand		9,530		7,317	
		<u>10,303</u>		<u>8,815</u>	
Creditors: amounts falling due within one year	12	<u>(5,463)</u>		<u>(6,814)</u>	
Net current assets			<u>4,840</u>		<u>2,001</u>
Total assets less current liabilities			<u>14,070</u>		<u>12,070</u>
Creditors: amounts falling due after more than one year	13		<u>(1,750)</u>		<u>(2,000)</u>
			<u>12,320</u>		<u>10,070</u>
Capital and reserves					
Called up share capital	15		1,293		1,293
Share premium	16		1,864		1,864
Capital redemption reserve	16		132		132
Other reserve	16		(844)		(825)
Retained earnings	16		<u>9,875</u>		<u>7,606</u>
Shareholders' funds			<u>12,320</u>		<u>10,070</u>

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements.

The profit on ordinary activities after taxation and receipt of dividends of the company for the year was £3,429,000 (2016: £1,999,000).

The parent company financial statements were approved and authorised for issue by the Board of Directors on 26 March 2018.



Peter Hems
Chairman



Trevor Taylor
Finance Director

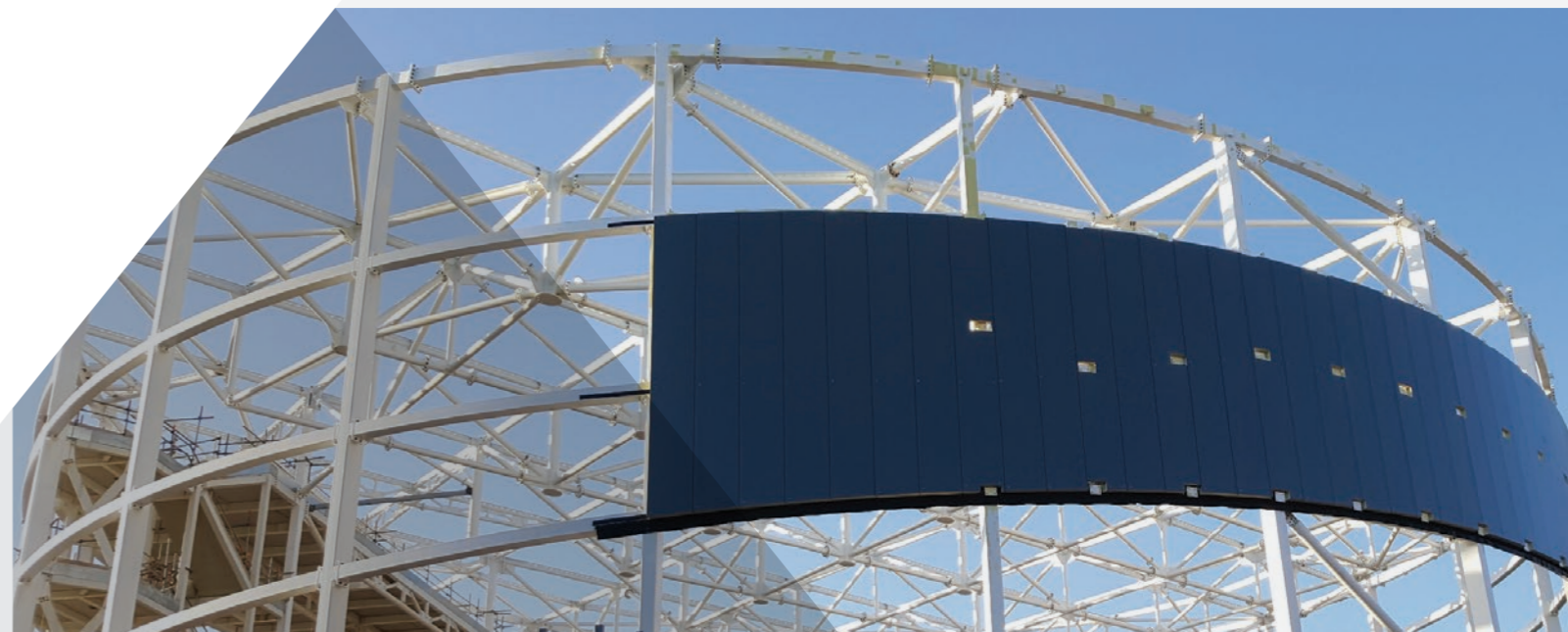
The statement of accounting policies and notes 1 to 21 form part of these parent company financial statements.

Parent company statement of changes in equity for the year ended 31 December 2017

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve – ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2016	1,293	1,864	132	(904)	6,309	8,694
ESOP movement in year	–	–	–	79	–	79
Profit for the financial year	–	–	–	–	1,999	1,999
Credit relating to equity-settled share-based payments	–	–	–	–	36	36
Dividends	–	–	–	–	(738)	(738)
At 31 December 2016	<u>1,293</u>	<u>1,864</u>	<u>132</u>	<u>(825)</u>	<u>7,606</u>	<u>10,070</u>

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve – ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2017	1,293	1,864	132	(825)	7,606	10,070
ESOP movement in year	–	–	–	(19)	–	(19)
Profit for the financial year	–	–	–	–	3,429	3,429
Credit relating to equity-settled share-based payments	–	–	–	–	45	45
Dividends	–	–	–	–	(1,205)	(1,205)
At 31 December 2017	<u>1,293</u>	<u>1,864</u>	<u>132</u>	<u>(844)</u>	<u>9,875</u>	<u>12,320</u>

The statement of accounting policies and notes 1 to 21 form part of these parent company financial statements.



Notes forming part of the parent company financial statements for the year ended 31 December 2017

1. Company information

Billington Holdings Plc is a company domiciled in England and Wales, registration number 02402219. The registered office is Steel House, Barnsley Road, Wombwell, Barnsley, S73 8DS.

The company is a holding company providing management services to its subsidiaries.

2. Compliance with Accounting Standards

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The individual accounts of Billington Holdings Plc have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes.
- key management personnel.
- certain financial instruments.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Impairment of assets

Management determine whether there are indications of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

4. Accounting Policies

Basis of preparation of financial statements

The financial statements have been prepared on the historical cost basis. The presentation currency is Sterling (£).

(a) Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write off the cost of fixed assets less estimated residual value by equal annual instalments over their expected useful lives. Land is not depreciated. The rates applicable are:

Buildings	2%
Plant and equipment	5% to 33.3%

(b) Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in retained earnings. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised on all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences.

(c) Retirement benefits

Defined Contribution Pension Schemes

The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

(d) Investments

Within the parent company, investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

(e) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes forming part of the parent company financial statements for the year ended 31 December 2017 Continued

(f) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(g) Financial instruments

The company uses financial instruments, other than derivatives, comprising borrowings, cash resources and various items such as trade debtors, trade creditors etc. that arise from its operations.

The main purpose of these financial instruments is to raise finance for the company's operations.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to retained earnings in the financial period to which it relates.

(h) Leased assets

All leases are operating leases and the annual rentals are charged wholly to retained earnings.

5. Loss on ordinary activities

Loss on ordinary activities before taxation is stated after:

	2017 £'000	2016 £'000
Depreciation	89	96
Fees payable to the company's auditor for the audit of the company's annual accounts	33	28
Fees payable to the company's auditor for other services:		
tax compliance services	8	8
other services	17	4
Operating lease rentals	<u>47</u>	<u>31</u>

Reconciliation to profit

	2017 £'000	2016 £'000
Loss on ordinary activities	(71)	(1)
Reversal of impairment of intercompany loan	500	-
Dividends received	<u>3,000</u>	<u>2,000</u>
Operating lease rentals	<u>3,429</u>	<u>1,999</u>

6. Directors and employees

Staff costs during the year including directors

	2017 £'000	2016 £'000
Wages and salaries	1,136	1,054
Social security	137	124
Pension costs	57	66
Share-based payments	<u>45</u>	<u>36</u>
	<u>1,375</u>	<u>1,280</u>

The average number of employees of the company during the year was 15 (2016: 15).

Remuneration in respect of directors was as follows

	2017 £'000	2016 £'000
Aggregate emoluments	585	512
Company pension contributions to a defined contribution scheme	<u>30</u>	<u>38</u>

On 18 January 2016 each of the Executive Directors received 9,917 share options related to the Inland Revenue approved share option scheme, exercisable at a price of £3.03 between the third and tenth anniversary of their grant.

During the prior year each of the Executive Directors received 25,000 share options related to the unapproved share option scheme, exercisable at a price of £1.515 between the third and tenth anniversary of their grant.

During the year no directors (2016: no directors) participated in defined benefit pension schemes and two directors (2016: two directors) participated in a defined contribution pension scheme.

During the year no directors (2016: no directors) exercised share options.

Remuneration in respect of the highest paid director

	2017 £'000	2016 £'000
Aggregate emoluments	251	207
Company pension contributions to a defined contribution scheme	<u>12</u>	<u>21</u>

Notes forming part of the parent company financial statements for the year ended 31 December 2017 Continued

7. Dividends

A final dividend has been proposed in respect of 2017 of 11.5p per ordinary share (£1,487,000). As the distribution of dividends by Billington Holdings Plc requires approval at the shareholders' meeting, no liability in this respect is recognised in these financial statements.

8. Property, plant and equipment

	Land & buildings £'000	Investment property £'000	Plant & equipment £'000	Total £'000
Cost				
At 1 January 2017	8,581	600	485	9,666
Additions	-	-	-	-
At 31 December 2017	8,581	600	485	9,666
Depreciation				
At 1 January 2017	465	-	452	917
Charge for year	77	-	12	89
At 31 December 2017	542	-	464	1,006
Net book value at 31 December 2017	8,039	600	21	8,660
Net book value at 31 December 2016	8,116	600	33	8,749

Included within land and buildings above is land with a value of £3,946,000 inclusive of leasehold land of £1,000,000.

The company has charged the freehold properties to secure bank facilities across the Group.

9. Investments

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2016	570	750	1,320
Movement in year	-	(750)	(750)
As at 1 January and 31 December 2016	570	-	570

All companies have only ordinary shares in issue and are registered in England and Wales unless otherwise stated. The long term loan to a subsidiary undertaking has been repaid during the year.

The principal trading subsidiary undertakings are disclosed in note 9 of the Group consolidated financial statements.

10. Share based payments

The company operates a share based payment scheme for certain employees. These share options are granted based on seniority and length of service with share options granted in the Company. There are two Trusts in existence being an Inland Revenue approved share option scheme and an unapproved share option scheme.

The options are granted with a fixed exercise price, are exercisable three years after the date of grant and expire ten years after the date of grant. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Company until exercise, otherwise the awards lapse. On exercise of the options by the employees the Company issues shares held in the relevant trust in operation.

	No. of shares		Weighted average exercise price	
	2017	2016	2017	2016
Brought forward at 1 January	99,780	-	2.27	-
Granted	-	103,086	-	2.30
Lapsed	(9,917)	(3,306)	3.03	3.03
Outstanding at 31 December	89,863	99,780	2.18	2.27
Exercisable at the end of the year	-	-	-	-

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to this scheme.

Under FRS102, the Group recognises an expense in the relevant company's financial statements. The expense is apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant. The total charge apportioned to Billington Holding Plc and recognised as expense in the year was £45,000.

11. Debtors

	Amounts falling due within one year	
	2017 £'000	2016 £'000
Amounts owed by Group undertakings	722	1,307
Other debtors	29	57
Prepayments and accrued income	8	37
Current taxation	-	87
Deferred tax asset	14	10
	<u>773</u>	<u>1,498</u>

Amounts owed by Group undertakings are payable on demand. Interest payable on these loans is charged at 0.5%. A provision for impairment previously recognised against one of these loans has been reversed in the year as the loan has been repaid. No provisions are deemed to be required against the outstanding amounts.

12. Creditors: amounts falling due within one year

Amounts falling due within one year		
	2017 £'000	2016 £'000
Bank loans	250	484
Trade creditors	149	210
Amounts owing to group undertakings	4,555	5,702
Social security and other taxes	54	45
Accruals and deferred income	427	373
Current taxation	28	-
	<u>5,463</u>	<u>6,814</u>

Amounts owed to Group undertakings are payable on demand. Interest payable on these loans is charged at 0.5%.

13. Creditors: amounts falling due after more than one year

Amounts falling due after more than one year		
	2017 £'000	2016 £'000
Bank loans and mortgages	<u>1,750</u>	<u>2,000</u>
Bank loans are repayable as follows:		
Within one year	250	484
Between one to two years	250	250
Between two to five years	<u>1,500</u>	<u>1,750</u>
	<u>2,000</u>	<u>2,484</u>

The bank loans are secured by way of first legal mortgage over certain freehold properties of the Group.

14. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 17% (2015 – 20%).

	2017 £'000	2016 £'000
Accelerated capital allowances	<u>14</u>	<u>10</u>

The recoverability of the deferred tax asset is dependent on future Group taxable profits which the directors consider likely as a result of recently prepared financial forecasts.

15. Called up share capital

Equity				
	2017		2016	
	No. of shares	£'000	No. of shares	£'000
Authorised				
Ordinary shares of 10p each	<u>27,500,000</u>	<u>2,750</u>	<u>27,500,000</u>	<u>2,750</u>
Allotted and fully paid				
Ordinary shares of 10p each	12,860,959	1,286	12,860,959	1,286
"A" ordinary shares of 10p each	73,368	7	73,368	7
	<u>12,934,327</u>	<u>1,293</u>	<u>12,934,327</u>	<u>1,293</u>

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2017 and treasury shares held by the ESOP/ESOT are given in note 10 of the Group financial statements.

16. Reserves

Share premium – represents the premiums received on issue of share capital.

Capital redemption reserve – represents the accumulated balance resulting from the Company's purchase of own shares.

Other reserve – represents the accumulated balance of share capital held by the Employee Share Ownership Plan.

Retained earnings – includes all current and prior period retained profits and losses.

17. Ultimate controlling related party

At the year end, the directors considered that the Company had no ultimate controlling party.

18. Leasing commitments

Future operating lease payments

	2017		2016	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Within one year	-	38	-	37
Between one and five years	-	59	-	15
	-	97	-	52

19. Retirement benefits

The company operates funded pension schemes for certain employees and directors. The total contributions to all pensions by the company for the year was £57,000 (2016: £66,000).

Defined contribution schemes accounted for £57,000 (2016: £66,000) of this amount with £nil (2016: £nil) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

20. Related party transactions

During the year the company had two common directors with Tolent PLC, Mr P.K. Hems and Dr. A. Ospelt. There have been no transactions between the two entities in the current period (2016: £nil).

During the year the company had two common directors with Gutenga Investments PCC Limited, Mr P.K. Hems and Dr. A. Ospelt. There have been no transactions between the two entities in the current period (2016: £nil).

In accordance with FRS102 Billington Holdings Plc is exempt from disclosing related party transactions with its wholly owned subsidiaries.

21. Contingent liabilities

The company is part of the Group cross guarantee to the principal bankers. At the year end there were no outstanding liabilities.

The Company will continue to work towards improving efficiencies and maintaining and strengthening its client relationships.



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