BILLINGTON HOLDINGS PLC

Company number: 02402219

Report and Financial Statements
For the year ended
31 December 2015

BILLINGTON HOLDINGS PLC

Annual report and financial statements for the year ended 31 December 2015

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BILLINGTON HOLDINGS PLC

Chairman's Statement

Introduction

I am pleased to report that the full year results for Billington for 2015 once again build on the success of the previous year. The Group performed well throughout 2015 and achieved its strongest results for five years.

Billington's structural steel business was very busy throughout the year and carried out a number of large, high profile projects. This resulted in an output of some 25,000 tonnes of fabricated material, which is close to the capacity of the existing facilities. There was also an improvement in margin, which together with the efficiencies from high activity levels, has contributed to a strong financial performance.

The easi-edge safety barrier division has seen a steady level of demand throughout the year. The management team was strengthened part way through the year, which has seen positive changes introduced to the sales management process and also to the working practices for barrier refurbishment, all of which have contributed to an improved performance.

The hoard-it division, which produces a range of sustainable hoardings, has continued its market development and is now established within the industry as a supplier of premium products. A good level of enquiries continues to be achieved and converted and the sales team has now managed to secure term deals with major contractors. Moving forward, the division plans to secure further such arrangements which will help to underpin repeat business going forward.

The Peter Marshall Steel Stairs subsidiary has continued to make good progress and achieved a contribution for the year broadly in line with budget. There have been a number of major projects undertaken during the year and the company starts 2016 with a substantial workload.

Results

The profit after tax for the year from continuing operations was £2.4 million on revenue of £56.7 million, compared with a profit of £1.4 million on revenue of £45.1 million in the previous year.

The overall earnings per share for the year amounted to 21.1p compared with 12.5p in 2014.

Dividend

I am pleased to announce that the Board is proposing a dividend of 6.0 p per share. The dividend has been set at a level which recognises both the need to reward the shareholders for their continued support as well as the anticipated funding requirements in relation to the development of the Shafton facility and further expenditure on upgrading plant and equipment at the existing sites.

Liquidity and capital resources

There has been a net cash outflow of £1.3 million during the year which breaks down broadly into cash generated by operating activities of £2.5 million and capital expenditure of £6.1 million, which was part funded by a bank loan of £2.5 million. The capital expenditure includes £4.9 million in relation to the acquisition of the Shafton site leaving a balance of £1.2 million to cover other items, being similar to the level of expenditure in the previous year at £1.3 million. Cash management continues to play a particularly important role as activity levels across the Group continue to rise. The requirement to fund higher levels of work in progress and debtors will require careful management, as will the need to ensure that funds are set aside for replacement and improvement of capital equipment to maintain as well as improve the quality of output. The Group had cash balances of £2.6 million at 31 December 2015, which together with the bank overdraft facilities will provide adequate funds to cover the projected working capital requirements of the Group.

Shafton

The opportunity to acquire the Shafton site was identified during the year and the purchase was completed just before the year end. The site consists of two industrial buildings with a substantial amount of outside storage space. The main building, containing steel processing machinery and associated heavy lifting equipment, was principally occupied by Sherling Steel (UK) Limited, which operated a steel profiling and processing business. The other building is occupied by long term tenants who will remain in place.
The principal attraction of acquiring the site was the increase in capacity that would be gained in respect of Billington's structural steelwork activities. The large and flexible site will provide increased opportunities for development of ancillary activities associated with the Group's current activities. The range of modern profiling equipment will service the Group as well as the wider market and further increases its abilities in all areas.

Investment is required to enhance and adapt the facilities further and will be completed incrementally as business ideas are developed and implemented in the future.

Prospects

The prospects for 2016 are positive with the structural steel business and Peter Marshalls coming into the year with substantial order books and positive enquiries. There has been some slippage in the first quarter due to both weather conditions and capacity constraints in the wider supply chain, necessitating additional work being taken on at lower margins in order to maintain workload. However, the outlook for the rest of the year is positive, giving management confidence of delivering full year results in line with market expectations.

Management and workforce

I should like to express my thanks to all the directors and employees for their efforts and assistance over the past twelve months.

Peter Hems
Non Executive Chairman
21 March 2016

Operational Review

The Group has continued to perform well during 2015 building on last year's results and delivering ahead of original market expectations, and in line with current market expectations. All divisions have increased their output and further improvements in efficiencies have been realised. All Group companies have returned a positive result and improved on that of the previous year.

Productivity for 2015 increased as Billington secured a number of large, high profile contracts. This was mainly achieved by lengthening the working pattern of our own internal fabrication facilities and supplementing this with our network of approved sub-let resources.

Market conditions for the UK construction industry remain positive and the Group has a visible pipeline of work stretching towards the end of 2016 although margins remain tight across the industry as a result of some existing latent capacity.

Towards the latter part of the year, the Group acquired land, buildings and associated trading assets of Sherling Steel (UK) Limited for the sum of £4.9m. The acquisition will enable the Group to expand, improve the product offering to our client base and diversify into new services, to generate further revenue and profit opportunities.

Capital investments will be made during 2016 to improve, adapt and enhance facilities and machinery across all Group locations.

The aim during 2016 is to maintain and further enhance the Group's operating margin and investigate new, complementary business opportunities.

Health, Safety, Sustainability, Quality and the Environment

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

Billington Structures

As a result of the work on larger, high profile contracts delivered during 2015 we fabricated around 25,000 tonnes of material throughout the UK. The construction of the Next Distribution Centre, a one million square feet Distribution Centre containing approximately 5,000 tonnes of steelwork, on budget and on time, firmly demonstrated Billington's ability to deliver high volume, large projects of this nature.

Major projects included:

- Next Distribution Centre, Doncaster
- Brize Norton Aircraft Hangar
- Aldi Distribution Centre, Cardiff
- One New Bailey, Salford
- Wellington Place, Leeds

At the conclusion of 2015 the Company acquired the plant and equipment assets of Sherling Steel (UK) Limited, a steel processing and profiling operation near to Billington's head office in Barnsley. The acquisition of the equipment represents a milestone in the development of the Company and the services which it will be able to offer to its customers in the future.

The modern equipment both complements and enhances the steel processing abilities of the Group and will ensure that more services which are currently purchased can be completed in house, further increasing margin potential on contracts.

Billington Structures has experienced a slow start to the year, hindered by delayed contracts and adverse weather conditions that have affected on-site progress. Potential orders have been difficult to realise due to the current competitive environment being experienced. However, the order book beyond the first quarter to the end of 2016 is strong and provides the confidence that the division will deliver another robust and positive performance.

Operational Review (continued)

Tubecon

Tubecon, a division of Billington Structures specialising in Architecturally Exposed Structural Steelwork (AESS), is continuing to see an upturn in the volume and quality of enquiries following the successful delivery of a prestigious sports club in London.

As the market continues to recover, we continue to believe that demand for this type of complex tubular work will increase and enable the division to achieve an improved margin in this specialist area.

easi-edge

easi-edge has been able to achieve a strong and stable workload throughout 2015 with its regular client base on the back of an improving market. Efficiencies have been achieved by a restructure within the factory that has resulted in a reduction of overhead costs. A management restructure has resulted in the appointment of a new General Manager who is experienced in the industry with a focus on Sales Management.

In order to enhance the future life of the barriers and maintain the high quality image of our product we have instigated a full refurbishment programme of the panels and related componentry. In-house resources at our newly acquired Group facility will be utilised for this operation.

Major projects included:

- Sovereign Square, Leeds
- Beaumont Academy, Warrington
- Central Square, Leeds
- St. James Road, Glasgow
- City Campus, Glasgow

Given the current level of demand, along with the anticipated level of future work spanning through to the third quarter of 2016, the Company is actively looking forward to making additions to its hire fleet. Product development continues in order to maintain our position as the market leader in edge protection systems.

hoard-it

The strengthening of the sales team in 2015 has yielded significant new business opportunities, with the product now being specified and utilised by the majority of Tier One principal contractors throughout the UK. Term deals have been secured to provide a strong level of repeat business which has established consistent revenue. hoard-it's primary product is now firmly established within the hoardings industry as a premium product. The business continues to investigate further product development in order to broaden its site hoarding range.

Major projects included:

- Anfield Football Stadium, Liverpool
- University of Kent, Canterbury
- Airport, Edinburgh
- Olympic Park, Stratford
- Southwark Schools, London

The business has already secured an enviable order book for 2016 and can look forward with an increasing degree of optimism.

Peter Marshall Steel Stairs

2015 has been a year of stability and progression. The Company has performed well, produced work efficiently and built upon previous excellent customer relationships.

Peter Marshalls enters 2016 with its largest order book since the purchase of the company out of administration in 2010. Projects include a number of high profile customers which it is hoped can provide repeat business in the future.

Towards the end of 2015 the Company committed to the purchase of a saw and drill line to further aid efficiencies, expand its product capabilities and reduce its cost base.

The Company is well placed to further continue its revenue and profitability progression in 2016.

Notable projects have included:

- London School of Economics, London
- University Technical College, Peterborough
- Cornwall Energy Recovery Centre, St. Austell
- Sanger Institute, Cambridge
- Next Distribution Centre, Doncaster

Peter Marshall Steel Stairs continues to consolidate its position in the market as the leading steel staircase and secondary steelwork contractor.

People

I would like to take this opportunity to thank all of my colleagues, fellow board members and wider stakeholders for their support and assistance through 2015. The volume of work that has been delivered in the year is testament to the hard work and dedication of everyone employed within the Group.

Furthermore, the Group would like to thank Roger Hale, the long serving Billington Structures' Yate Divisional Director, for all of his hard work and dedication over the years and wish him all the very best for a long and happy retirement.

Conclusion

The Group is encouraged to see that the measures implemented over recent years have enabled Billington to become a leaner and more efficient business whilst maintaining flexibility to meet the high quality demands of its loyal customers.

Once again each Group company has returned a profit for 2015 and is in a strong position trading into 2016.

The Group recognises the difficulty the industry faces with a skill set shortage and its potential to restrict growth and development. We continue to recruit and train at all levels, and have been working closely with the British Constructional Steelwork Association's (BCSA) Competency Route of Attaining a Fabrication Trade (CRAFT) scheme designed to promote the recruitment and training of Workshop employees. Billington progressed the first apprentice through the CRAFT scheme. There are 33 apprentices engaged within the scheme across the membership of the BCSA. We continue to lead at the forefront of the scheme and currently have three apprentices completing the programme and intend to take on many more.

As the industry continues to recover the prospects are encouraging, although the market remains very competitive and pressure is evident on price and programme. The receipt of satisfactory instructions to proceed, the timely flow of information and the fluidity of contract build programmes remain constant issues.

Conclusion (continued)

Steel material prices remain at a historically low level and we anticipate that the increases the industry has already seen this year will continue through 2016.

With the successful acquisition of the Shafton facility the Group is enthused and energised in formulating expansion and diversification plans. Capital expenditure projects have been re-evaluated in light of the additional facility and this inevitably will result in modest investments being made to this and other Group facilities over the medium term.

The Group is proud to have received the BCSA Design Award for the Derby Velodrome Project which recognises the quality and abilities of the Billington offering.

Looking ahead, I believe that the Group's strengths, which include its robust financial footing, quality product offering, strong and talented team and first class customer service, leave Billington well positioned to capitalise on the next positive phase of its development in this financial year and beyond.

M Smith.

Mark Smith
Chief Executive Officer
21 March 2016

Financial Review

Consolidated Income Statement

	2015	2014
	£'000	£'000
Revenue	56,748	45,103
Operating profit	3,084	1,899
Profit before tax	3,110	1,922
Profit after tax	2,444	1,445
Profit for shareholders	2,444	1,445
Earnings per share	21.1p	12.5p

Revenue has increased 26 per cent year on year primarily as a result of Billington Structures increasing its output, particularly in relation to traditional structural steelwork activities. Demand for structural steel in 2015 remained below pre-recession levels, however, the Group still achieved growth and obtained a higher volume of work.

Forecasts indicate that the consumption of structural steelwork within the UK increased by eight per cent in 2015 to 867,000 tonnes and is further projected to increase by four per cent in 2016. This allows the Group to look forward with an increased degree of optimism.

Operating margins (after redundancy costs) improved to 5.4 per cent, against 4.2 per cent in 2014. Our short term target was to return to an operating margin of 5 per cent and it is pleasing to note that this has been completed in a somewhat shorter timescale than expected. Operating margins have not returned to pre-recession levels and it is not anticipated they will in the short term although steady, progressive improvement is anticipated as the economy continues to recover.

Earnings per share improved from 12.5p in 2014 to 21.1p in 2015.

Redundancy costs of £1,053,000 have been expended since 2010 with this now resulting in a much leaner and more efficient business. The revenue per employee the Group has achieved this year is the highest recorded with the Group's current structure and is a credit to everyone's hard work and efforts to improve the efficiency of the businesses.

Staff numbers as at December have increased 15 per cent, from the same period last year, to 337 primarily as a result of a number of employees transferring to Billington upon the purchase of the Shafton facility in December 2015. Employment of additional labour as the site is adapted for optimum use is anticipated over the short to medium term.

The purchase of the Shafton facility is not anticipated to have a material impact on the trading result of the Group in 2016 while the facility is adapted for optimum production and certain tenants, who occupy particular areas of the site, vacate at the expiry of their leases.

Consolidated Balance Sheet

	2015	2014
	£'000	£'000
Non current assets	14,166	9,311
Current assets	18,494	17,424
Current liabilities	(13,800)	(12,152)
Non current liabilities	(2,492)	(279)
Total equity	16,368	14,304

Capital expenditure increased in the year to £6,111,000 from £1,308,000 in 2014. It was reported last year that items of capital equipment within the Billington Structures' business required upgrading to ensure that efficiencies were maintained and improved moving forward. The opportunity to purchase the land and buildings and associated plant and equipment previously operated by Sherling Steel (UK) Limited in Shafton, Barnsley arose during 2015. The acquired value of the land and buildings was £2,500,000 and the associated plant and equipment was £2,380,000.

Consolidated Balance Sheet (continued)

Other capital expenditure in the year consisted of the purchase of a saw and drill line in our Peter Marshalls business as well as our continual programme of upgrading and enhancing our hoarding and safety barrier fleets.

Within non-current assets, property, plant and equipment increased by £4,999,000, and deferred tax assets decreased by £234,000. Net disposals were £15,000 and depreciation was £1,097,000. The balance of the movement is as a result of a surplus on the defined benefit pension scheme, which increased by a further £90,000 in the year.

The increase of £1,070,000 in current assets included increases of £2,096,000 in inventories and £235,000 in trade and other receivables, along with a decrease of £1,261,000 in cash.

The total rise of £1,648,000 in current liabilities principally comprised an increase in trade and other payables of £1,337,000 as the businesses enjoyed an improvement in workflow towards the latter part of the year.

A property loan of £469,000 was taken out in 2011 to purchase the trading premises of Peter Marshall Steel Stairs; £45,000 of this is reflected within current liabilities and £234,000 within non-current liabilities, with repayments made against the balance in the year of £45,000. A mortgage of £2,500,000 was taken over 10 years to purchase the land and buildings at Shafton; £250,000 is reflected in current liabilities with £2,250,000 disclosed in non-current liabilities.

Total equity increased by £2,064,000 in the year to £16,368,000; this is particularly encouraging and provides a degree of optimism with which to move forward. The financial position of the Group at the end of the year remains robust and provides a platform from which the Group can further improve shareholder value.

Consolidated Cash Flow Statement

	2015	2014
	£'000	£'000
Result for shareholders	2,444	1,445
Depreciation	1,097	771
Capital expenditure	(6,111)	(1,308)
Tax paid	(350)	(38)
Tax per income statement	666	477
(Increase)/decrease in working capital	(995)	268
Additional pension contributions	(123)	(244)
Dividends	(347)	-
Net property loan movement	2,469	(44)
Others	(11)	(11)
Net cash (outflow)/inflow	(1,261)	1,296
Cash at beginning of year	3,872	2,576
Cash at end of year	2,611	3,872

Dividends were reinstated in the year at a cash cost of £347,000, representing three pence per share. Taking the purchase of Shafton, along with the dividend paid in the year, the Group's conversion of profits into cash was satisfactory.

Capital expenditure was in excess of depreciation by £5,014,000. This cash utilisation was offset by an increase in working capital of £995,000 and the addition of a £2,500,000 commercial mortgage. Tax paid in the period was largely as a result of the Group returning to a quarterly instalment arrangement in the year following the utilisation of the remaining tax losses in 2014.

The Group remains committed to treating its suppliers and subcontractors fairly and to paying them in line with their agreed payment terms.

Financial Review (continued)

Consolidated Cash Flow Statement (continued)

Working capital was as shown below:

	2015	2014
	£'000	£'000
Inventories	10,568	8,472
Accounts receivable	5,315	5,080
Accounts payable	(13,344)	(12,007)
Working capital at end of year	2,539	1,545

Cash balances at the year end totalled £2,611,000 and there were property loans outstanding of £2,779,000. It is pleasing to note the satisfactory cash position of the Group, notwithstanding the large cash usage related to the major purchase in the period. Consistent and positive trading performance combined with effective working capital management will ensure that cash balances are further maintained and improved.

It is inevitable that as business volumes increase further there will be added pressure on cash flow, although the combination of strong financial controls and adequate, agreed banking facilities will ensure that the Group has sufficient liquidity to fund future growth.

Pension Scheme

	2015	2014
	£'000	£'000
Scheme assets	7,114	7,329
Scheme liabilities	(6,146)	(6,451)
Surplus	968	878
Other finance income	33	35
Contributions to defined benefit scheme	123	244

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 pleasing to note that the position of the scheme as at the year end continues to show signs of steady improvement.

A recovery plan for the Billington scheme was agreed with the trustees following an actuarial valuation of the scheme liabilities as at 31 March 2014, in accordance with the requirements of the Pensions Act. Additional contributions are being made in accordance with this agreement.

Employee Share Option Plan (ESOP)

After the year end the Company has implemented a new ESOP using shares that were contained in a previous trust but 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 incentive to recruit and retain employees.

Trevor Taylor
Finance Director
21 March 2016

BILLINGTON HOLDINGS PLC

Directors, Secretary and Registered Office

Directors

P.K. Hems	Non Executive Chairman
M. Smith	Chief Executive
T.M. Taylor	Finance Director
S.G.T. Fareham	Non Executive Director
J.S. Gordon	Non Executive Director
Dr. A. Ospelt	Non Executive Director

Secretary

L.S. Holloway

Registered Office

Steel House
Barnsley Road
Wombwell
Barnsley
South Yorkshire
S73 8DS

Registered in England : Company Number - 02402219

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

1. Results and dividends

The consolidated income statement is set out on page 17 and shows the result for the year.

A final dividend in respect of 2014 of 3.0 pence per share was paid on 3 July 2015. No interim dividends were paid in 2015. The directors propose to pay a dividend of 6.0 pence per share on 1 July 2016 to shareholders on the register on 3 June 2016.

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 Mr P.K. Hems and Mr S.G.T. Fareham retire and offer themselves for re-election.

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

	Billington Holdings Plc ordinary 10p shares			
	31 December 2015		1 January 2015	
	Shares	Options	Shares	Options
P.K. Hems	15,000	-	15,000	-
M. Smith	5,000	-	-	-
T.M. Taylor	6,000	-	1,000	-
S.G.T. Fareham	17,603	-	17,603	-
J.S. Gordon	357,270	-	357,270	-
Dr. A. Ospelt	-	-	-	-

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
- to make judgements and accounting estimates that are reasonable and prudent
- to 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 to 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.

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.

L.S. Holloway
Secretary
Billington Holdings Plc
Company Number - 02402219
21 March 2016

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

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. 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 3 to 9), including an analysis using key financial and non-financial performance indicators.

2. Key non-financial performance indicators

	2015	2014
Production efficiency	119%	110%
Hire stock utilisation	80%	72%
Accidents (own employees) - reportable	2	-
Employee numbers	296	284
Apprentice intake	5	10
Staff turnover (excluding restructuring)	12%	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.

L.S. Holloway
Secretary
Billington Holdings Plc
Company Number - 02402219
21 March 2016

Independent Auditor's Report to the members of BILLINGTON HOLDINGS PLC

We have audited the Group financial statements of Billington Holdings Plc for the year ended 31 December 2015 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 statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Other matter

We have reported separately on the parent company financial statements of Billington Holdings plc for the year ended 31 December 2015.

John Bowler
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands

21 March 2016

BILLINGTON HOLDINGS PLC

Consolidated income statement for the year ended 31 December 2015

	Note	2015		2014	
		£'000	£'000	£'000	£'000
Revenue, excluding movements in work in progress			54,762		44,517
Increase in work in progress			1,986		586
Revenue	2		56,748		45,103
Raw materials and consumables		36,172		27,619	
Other external charges		3,537		3,165	
Staff costs	3	11,079		10,356	
Redundancy	3	20		20	
Depreciation	2	1,097		771	
Other operating charges		1,759		1,273	
			(53,664)		(43,204)
Group operating profit			3,084		1,899
Share of post tax profit in joint ventures	23		-		-
Total operating profit			3,084		1,899
Net finance income	4		26		23
Profit before tax	2		3,110		1,922
Tax	5		(666)		(477)
Profit for the year			2,444		1,445
Profit for the year attributable to equity holders of the parent company			2,444		1,445
Earnings per share (basic and diluted)	7		21.1 p		12.5 p

All results arose from continuing operations.

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

BILLINGTON HOLDINGS PLC

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	2015	2014
		£'000	£'000
Profit for the year		2,444	1,445
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit surplus	21	(66)	(54)
Movement on deferred tax relating to pension liability	16	(5)	(32)
Current tax relating to pension liability	5	32	60
Other comprehensive income, net of tax		(39)	(26)
Total comprehensive income for the year attributable to equity holders of the parent company		2,405	1,419

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

BILLINGTON HOLDINGS PLC

Consolidated balance sheet as at 31 December 2015

	Note	2015		2014	
		£'000	£'000	£'000	£'000
Assets					
Non current assets					
Property, plant and equipment	8		13,160		8,161
Pension asset	21		968		878
Investments in joint ventures	9		-		-
Deferred tax asset	16		38		272
Total non current assets			14,166		9,311
Current assets					
Inventories and work in progress	11	10,568		8,472	
Trade and other receivables	12	5,315		5,080	
Cash and cash equivalents		2,611		3,872	
Total current assets			18,494		17,424
Total assets			32,660		26,735
Liabilities					
Current liabilities					
Current portion of long term borrowings	15	301		45	
Trade and other payables	13	13,344		12,007	
Current tax payable		155		100	
Total current liabilities			13,800		12,152
Non current liabilities					
Long term borrowings	14	2,492		279	
Total non current liabilities			2,492		279
Total liabilities			16,292		12,431
Net assets			16,368		14,304
Equity					
Share capital	18		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other reserve			(904)		(910)
Accumulated profits			13,983		11,925
Total equity			16,368		14,304

The Group financial statements were approved and authorised for issue by the Board of Directors on 21 March 2016.

P.K. HEMS Chairman

T.M. TAYLOR Finance Director

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

BILLINGTON HOLDINGS PLC

Consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital	Share premium account	Capital redemption reserve	Other reserve - ESOP	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	1,293	1,864	132	(909)	10,506	12,886
Transactions with owners						
ESOP movement in year	-	-	-	(1)	-	(1)
Transactions with owners	-	-	-	(1)	-	(1)
Profit for the financial year	-	-	-	-	1,445	1,445
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	(54)	(54)
Income tax relating to components of other comprehensive income	-	-	-	-	28	28
Total comprehensive income for the year	-	-	-	-	1,419	1,419
At 31 December 2014	1,293	1,864	132	(910)	11,925	14,304

	Share capital	Share premium account	Capital redemption reserve	Other reserve - ESOP	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	1,293	1,864	132	(910)	11,925	14,304
Transactions with owners	-					
Dividends (note 6)	-	-	-	-	(347)	(347)
ESOP movement in year	-	-	-	6	-	6
Transactions with owners	-	-	-	6	(347)	(341)
Profit for the financial year	-	-	-	-	2,444	2,444
Other comprehensive income						
Actuarial loss recognised in the pension scheme	-	-	-	-	(66)	(66)
Income tax relating to components of other comprehensive income	-	-	-	-	27	27
Total comprehensive income for the year	-	-	-	-	2,405	2,405
At 31 December 2015	1,293	1,864	132	(904)	13,983	16,368

The Group accumulated profits reserve includes a surplus of £774,000 (2014 - £689,000) 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 2015

	Note	2015	2014
		£'000	£'000
Cash flows from operating activities			
Group profit after tax		2,444	1,445
Taxation paid		(350)	(39)
Depreciation on property, plant and equipment		1,097	771
Difference between pension charge and cash contributions		(123)	(244)
Profit on sale of property, plant and equipment		(197)	(86)
Taxation charge recognised in income statement		666	477
Net finance income		(26)	(23)
Increase in inventories and work in progress		(2,096)	(557)
Increase in trade and other receivables		(235)	(669)
Increase in trade and other payables		1,336	1,494
Net cash flow from operating activities		2,516	2,569
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,111)	(1,308)
Proceeds from sale of property, plant and equipment		212	91
Net cash flow from investing activities		(5,899)	(1,217)
Cash flows from financing activities			
Interest paid		(7)	(12)
Proceeds of bank and other loans		2,514	-
Repayment of bank and other loans		(45)	(44)
Capital element of hire purchase payments		-	-
Dividends paid	6	(347)	-
Employee Share Ownership Plan share purchases	10	(3)	-
Employee Share Ownership Plan share sales	10	10	-
Net cash flow from financing activities		2,122	(56)
Net increase in cash and cash equivalents		(1,261)	1,296
Cash and cash equivalents at beginning of period		3,872	2,576
Cash and cash equivalents at end of period	24	2,611	3,872

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

Statement of 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 2015.

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 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (Revised) 'Separate Financial Statements' and IAS 28 (Revised) 'Investments in Associates and Joint Ventures' form a comprehensive package dealing with group issues and off-balance sheet activity.

IFRS 10 introduces the following revised definition of control together with accompanying guidance on how to apply it. "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee."

In order to determine whether a reporting entity has control over another entity in which it has invested, the following three elements must always be present:

- power over the investee
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 replaces IAS 31's three categories of 'jointly controlled entities', 'jointly controlled operations' and 'jointly controlled assets' with two new categories – 'joint operations' and 'joint ventures'.

- a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

- a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint venturers) have rights to the net assets of the arrangement.

IFRS 12 establishes disclosure objectives according to which an entity discloses:

- significant judgements and assumptions (and changes) made by the reporting entity in determining whether it controls another entity
- the interest that the non-controlling interests have in the group's activities
- the effect of restrictions on the reporting entity's ability to access and use assets or settle liabilities of consolidated entities
- the nature of, and changes in, the risks associated with the reporting entity's interests in consolidated structured entities, joint arrangements, associates and unconsolidated structured entities.

The changes made to IAS 27 (Revised) 'Separate Financial Statements' and IAS 28 (Revised) 'Investments in Associates and Joint Ventures' are consequential changes arising from the publication of the new IFRSs. The main change is that IAS 27 (Revised) will now solely address separate financial statements, the requirements for which are substantially unchanged from the previous version of the Standard. The requirements on how to apply equity accounting are unchanged from the previous version of the Standard.

The application of IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 applies prospectively for annual periods on or after 1 January 2014 and did not have a material impact on the financial statements.

(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 revenue from asset rentals relating to the use of the Group's safety solutions products, this 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.

(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 and equipment	5% to 33.3%
Motor vehicles	10% 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

The Group's Employee Share Ownership Plan ("ESOP") is a separately administered trust. The assets of the ESOP comprise shares in the company and cash. The assets, liabilities, income and costs of the ESOP have been included in the consolidated financial statements as the Group exercises control over the ESOP in accordance with the terms of the trust deed. The shares in the Company are included at cost to the ESOP 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. No share option charge arises as all share options within the ESOP vested prior to 1 January 2005.

(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.

(l) Financial assets (continued)

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.

(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:

IAS 27 (revised) Separate Financial Statements (effective 1 January 2016)

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)

IFRS 9 Financial Instruments (effective 1 January 2018)

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (effective 1 February 2015)

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.

These standards and interpretations are not expected to have any significant impact on the Group's financial statements.

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.

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

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 2015 management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in note 8.

Recognition of assets

Management consider that the significant assets purchased in the year represent the purchase of tangible fixed assets only and do not relate to a business combination. These assets have been recorded at historic cost.

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 £6,146,000 (2014: £6,451,000) 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.

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 and Peter Marshall Steel Stairs 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 2015 91%/£51.4 million (2014: 89%/£40.3 million) of revenue was derived from construction contracts. Two customers included within the structural steel sector accounted for greater than 10% of the Group's revenue. These contractors accounted for 25% and 12% (2014: two contractors with 23% and 11%) of Group revenue respectively.

Analysis of revenue by geographical area based on customer location:

Revenue from structural steel

	2015	2014
	£'000	£'000
United Kingdom	53,559	39,928
Rest of Europe	801	3,098
	54,360	43,026

Sales of services

	2015	2014
	£'000	£'000
United Kingdom	2,388	2,077

Profit before tax is stated after:

	2015	2014
	£'000	£'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	28	28
Fees payable to the company's auditor for other services:		
the audit of the company's subsidiaries	28	24
tax services	6	5
other services	23	16
Depreciation	1,097	771
Profit on disposal of property, plant and equipment	(197)	(86)
Operating lease charges:		
short term hire of plant and machinery	10	9
operating leases - other	202	219
operating leases - property	103	103

3. Directors and employees

Staff costs during the year including directors:

	2015	2014
	£'000	£'000
Wages and salaries	9,711	9,097
Social security	999	960
Pension costs	369	299
	11,079	10,356
Redundancy	20	20
	11,099	10,376

The average number of employees of the Group during the year was 296 (2014 - 284).

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:

	Salary and fees	Other emoluments	Pension	Total 2015	Total 2014
	£'000	£'000	£'000	£'000	£'000
Executive					
T.M. Taylor	106	73	15	194	132
M. Smith	131	80	18	229	91
Non-executive					
P.K. Hems	54	-	-	54	53
J.S. Gordon	34	1	-	35	34
S.G.T. Fareham	34	4	-	38	247
Dr. A. Ospelt	11	-	-	11	10
	370	158	33	561	567
Employer's NI				65	68
Key management personnel compensation				626	635
Short-term employee benefits				593	614
Long-term employee benefits				33	21
				626	635

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

Included within other emoluments of the executive directors are gross payments of £43,000 paid to the directors that has been partly settled via a transfer of shares. The market value price was £2.285 per share at the date of the transfer and each director has received 5,000 shares in lieu of a cash payment.

During the year no directors (2014 - no directors) participated in defined benefit pension schemes and two directors (2014 - two directors) participated in a defined contribution pension scheme.

4. Net finance income

	2015	2014
	£'000	£'000
Payable on bank loans and overdrafts	(7)	(12)
Other finance income - pension scheme (see note 21)	33	35
Net finance income	26	23

5. Tax on profit on ordinary activities

The tax charge represents:

	2015	2014
	£'000	£'000
Corporation tax at 20.25% (2014 - 21.5%)	437	160
Adjustment in respect of prior years	-	-
Total current tax	437	160
Deferred tax charge - (note 16)	229	317
Total tax charge for the year	666	477

Tax relating to other comprehensive income:

	2015	2014
	£'000	£'000
Corporation tax at 20.25% (2014 - 21.5%)		
Current tax credit relating to pension liability	(32)	(60)

This reflects the tax relief available on additional contributions made to finance the net pension deficit.

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 20.0% (2014 - 21.5%). The differences are explained as follows:

	2015	2014
	£'000	£'000
Profit on ordinary activities before tax	3,110	1,922
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20.25% (2014 - 21.5%)	630	413
Effects of:		
expenses not deductible for tax purposes	68	35
adjustments to tax charge in respect of prior years	(51)	-
rate differences	19	29
Total tax charge for year	666	477

6. Dividends

A final dividend was paid in respect of 2014 of 3.0 pence per ordinary share (£388,000).

A final dividend has been proposed in respect of 2015 of 6.0 pence per ordinary share (£776,060). 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 £2,444,000 (2014 - profit - £1,445,000) by 11,585,041 (2014 - 11,580,808) 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 potential dilutive ordinary shares.

8. Property, plant and equipment

	Freehold property	Long leasehold property	Investment property	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2014	5,764	1,000	-	10,593	17,357
Additions	12	-	-	1,296	1,308
Disposals	-	-	-	(349)	(349)
At 1 January 2015	5,776	1,000	-	11,540	18,316
Additions	2,020	-	600	3,491	6,111
Disposals	-	-	-	(419)	(419)
At 31 December 2015	7,796	1,000	600	14,612	24,008

	Freehold property	Long leasehold property	Investment property	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Depreciation					
At 1 January 2014	418	-	-	9,310	9,728
Charge for year	54	-	-	717	771
Disposals	-	-	-	(344)	(344)
At 1 January 2015	472	-	-	9,683	10,155
Charge for year	54	-	-	1,043	1,097
Disposals	-	-	-	(404)	(404)
At 31 December 2015	526	-	-	10,322	10,848
Net book value at 31 December 2015	7,270	1,000	600	4,290	13,160
Net book value at 31 December 2014	5,304	1,000	-	1,857	8,161

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 cost 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.

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:

	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 engineering	100	100
Hoard-It Limited	Dormant	100	100
Billington Fleet Management Limited	Dormant	100	100
Joint ventures			
BS2 (2011) Limited	Structural steel	50	-

10. Employee Share Ownership Plan

The Employee Share Ownership Plan ("the Trust") was established by Deed dated 25 September 1991 between Billington Holdings plc ("the Company") and Bedell Cristin Trustees Limited ("the Trustee"). 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 £15,000 during the year.

As of 31 December 2015 the Trust held 1,345,869 (2014 - 1,354,619) ordinary shares of 10p each in the capital of the company (10.41% of the allotted share capital (2014 - 10.46%)). The market value of the shares in the ESOP at 31 December 2015 was £4,205,840 (2014 - £2,201,256). Dividends on these shares have not been waived.

On exercise of the share option the employee receives ordinary shares in Billington Holdings Plc. The options are exercisable for nil consideration. There were no options outstanding at 31 December 2015 or 31 December 2014.

11. Inventories and work in progress

	2015	2014
	£'000	£'000
Raw materials	653	543
Work in progress	9,915	7,929
	10,568	8,472

Raw materials and consumables recognised as an expense in the Income Statement for the year ended 31 December 2015 totalled £35,832,000 (2014 - £27,619,000).

There are no provisions against the value of inventories at the balance sheet date (2014: £nil).

No reversal of previous write-downs was recognised as a reduction of expense in 2014 or 2015. None of the inventories are pledged as securities for liabilities.

12. Trade and other receivables

	2015	2014
	£'000	£'000
Amounts due from structural steel customers:		
- Trade receivables	2,612	3,036
- Retentions due within one year	839	1,037
- Retentions due after one year	515	272
Total	3,966	4,345
Other receivables	983	294
Prepayments and accrued income	366	441
	5,315	5,080

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 £507,000 (2014: £265,000) has been recorded accordingly.

The movement in the provision for trade receivables can be reconciled as follows:

	2015	2014
	£'000	£'000
Balance at 1 January	265	190
Impairment loss	242	75
Balance at 31 December	507	265

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:

	2015	2014
	£'000	£'000
Not more than three months	459	519
More than three months but not more than six months	202	330
More than six months but not more than one year	-	134
	661	983

13. Trade and other payables

	2015	2014
	£'000	£'000
Trade payables	11,153	10,268
Social security and other taxes	490	464
Other payables	636	534
Accruals	1,065	741
	13,344	12,007

14. Long term borrowings

	2015	2014
	£'000	£'000
Property loans (note 15)	2,779	324
Hire purchase		
less than one year	6	-
between one and two years	4	-
between two and five years	4	-
	2,793	324

15. Property loans

	2015	2014
	£'000	£'000
Loans at commercial rates -		
due within one year	295	45
repayable within five years	2,484	279
	2,779	324

The bank loans are secured by way of first legal mortgage over certain freehold properties of the Group. The loans are for between three and five year terms and interest is payable at 2.50% and 1.75% over bank base rate.

16. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 20% (2014 - 21%).

	2015	2014
	£'000	£'000
Deferred tax asset recognised in income statement		
At 1 January	461	778
Charged in the year	(229)	(317)
At 31 December	232	461
Accelerated capital allowances	36	179
Other temporary differences	196	282
	232	461
Deferred tax asset recognised in other comprehensive income		
Pension surplus	(194)	(189)
Total deferred tax asset	38	272

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 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 at 18% 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 2015 the Group's financial liabilities have contractual maturities which are summarised below:

31 December 2015	Current within six months	Current six to twelve months	Between one and five years
	£'000	£'000	£'000
Trade payables	11,153	-	-
Other payables	636	-	-
Accruals	1,065	-	-
Property loans	148	147	2,484
	13,002	147	2,484

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

31 December 2014	Current within six months	Current six to twelve months	Between one and three years
	£'000	£'000	£'000
Trade payables	10,268	-	-
Other payables	534	-	-
Accruals	741	-	-
Property loans	23	22	279
	11,566	22	279

Liquidity risk is 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 Groups needs over its forecast period.

17. Financial instruments (continued)

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.

	2015	2014
	£'000	£'000
Trade and other receivables (excluding prepayments and accrued income)	4,949	4,639
Cash and cash equivalents	2,611	3,872
	7,560	8,511

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 2015 the Group had no overdraft and two loans relating to property purchased in 2011 and 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 2015 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 2016 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

	2015	2014
Current assets	£'000	£'000
Trade and other receivables (excluding prepayments and accrued income)	4,949	4,639
Cash and cash equivalents	2,611	3,872
Loans and receivables	7,560	8,511

	2015	2014
Current liabilities	£'000	£'000
Trade payables	11,153	10,268
Other payables	636	534
Accruals	1,065	741
	12,854	11,543
Property and other loans	2,793	324
Financial liabilities measured at amortised cost	15,647	11,867
Net financial liabilities	(8,087)	(3,356)

17. Financial instruments (continued)

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

	2015	2014
	£'000	£'000
Property, plant and equipment	13,160	8,161
Inventories and work in progress	10,568	8,472
Prepayments and accrued income	366	441
Deferred tax assets	38	272
Pension assets	968	878
Social security and other taxes	(490)	(464)
Current tax payable	(155)	(100)
	24,455	17,660
Total Equity	16,368	14,304

18. Called up share capital

Equity	2015		2014	
	Number of shares	£'000	Number 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
	12,934,327	1,293	12,934,327	1,293

During the year no "A" ordinary shares were converted into ordinary shares (2014 - none).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2015 and treasury shares held by the ESOP 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

	2015		2014	
	Other	Land & buildings	Other	Land & buildings
	£'000	£'000	£'000	£'000
Within the Group commitments to operating lease payments are as follows:				
Total lease payments				
within one year	128	102	161	94
between one and five years	146	302	152	324
over five years	-	-	-	81
	274	404	313	499

The Group leases certain premises under operating leases which expire between 2014 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 £492,000 (2014 - £543,000).

Defined contribution schemes accounted for £369,000 (2014 - £299,000) of this amount with £123,000 (2014 - £244,000) 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 2014 (approved 8 October 2014).

In accordance with the terms of the recovery plan dated 23 September 2014 the Group expects to contribute *approximately £125,000 to the defined benefit pension scheme in the year ending 31 December 2016. The* next scheme funding actuarial valuation is due as at 31 March 2017. 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 2015 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.

21. Retirement benefits (continued)

The assets of the schemes were:

		Value at 31 December 2015	Value at 31 December 2014	Value at 31 December 2013
		£'000	£'000	£'000
Equities	- UK	1,106	1,095	1,081
	- Overseas	1,074	1,031	965
Bonds	- UK Government	1,514	1,613	1,217
	- UK Corporate	1,436	1,546	1,302
Cash		32	96	12
Other		1,952	1,948	1,845
Total market value of assets		7,114	7,329	6,422
Present value of scheme liabilities		(6,146)	(6,451)	(5,769)
Surplus in the scheme		968	878	653
Related deferred tax liability		(194)	(189)	(157)
Net pension asset		774	689	496

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:

	2015	2014
	£'000	£'000
Defined benefit obligation	(6,146)	(6,451)
Fair value of plan assets	7,114	7,329
	968	878

Analysis of the amount charged to other finance income:

	2015	2014
	£'000	£'000
Interest income	255	294
Interest on pension scheme liabilities	(222)	(259)
Total income recognised in profit or loss	33	35

Analysis of amount recognised in statement of comprehensive income:

	2015	2014
	£'000	£'000
Return on plan assets (excluding amounts included in net interest)	(179)	526
Actuarial losses from changes in financial assumptions	113	(580)
Total (expense)/income recognised in other comprehensive income	(66)	(54)

21. Retirement benefits (continued)

Movements in the fair value of plan assets during the year were as follows:

	2015	2014
	£'000	£'000
At 1 January	7,329	6,422
Interest income	255	294
Return on plan assets (excluding amounts included in net interest)	(179)	526
Contributions	123	244
Benefits paid	(414)	(157)
At 31 December	7,114	7,329

Movements in the defined benefit obligation during the year were as follows:

	2015	2014
	£'000	£'000
At 1 January	(6,451)	(5,769)
Interest cost	(222)	(259)
Remeasurement - actuarial losses from changes in financial assumptions	113	(580)
Benefits paid	414	157
At 31 December	(6,146)	(6,451)

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:

	2015	2014	2013
	%	%	%
Rate of increase in pensionable salaries	3.2	3.2	4.0
Rate of increase in pensions in payment	3.2	3.1	3.4
Discount rate	3.7	3.6	4.6
Inflation assumption	3.2	3.2	3.4

The mortality assumption adopted for the purposes of the calculations as at 31 December 2015 is as follows:

- Base table: S1PxA tables, year of birth
- Future mortality improvements: Medium cohort projections from 2003 onwards, based on year of birth.

Average life expectancies - Billington Scheme	2015	2014
Male retiring at reporting date at age 62 (in years)	25.5	25.4
Male retiring at reporting date +20 years at age 62 (in years)	27.9	27.8

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.

21. Retirement benefits (continued)

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 signficant actuarial assumptions:

	2015	2014
	£'000	£'000
0.25% increase to discount rate	(261)	(274)
0.25% increase in inflation and related assumptions	198	208
1 year increase in life expectancy	167	175

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.

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 arms length trading activities with related undertakings of Tolent PLC. Revenue amounting to £nil (2014 - £202,751) at normal market rates is in respect of Tolent PLC related undertakings. A balance of £nil (2014 - £3,660) 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 (2014: £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 2015 were as follows:

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

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

	Cash and cash equivalents	Property loans	Net cash
	£'000	£'000	£'000
At 1 January 2014	2,576	(368)	2,208
Cash flow	1,296	44	1,340
At 31 December 2014	3,872	(324)	3,548
Cash flow	(1,261)	(2,469)	(3,730)
At 31 December 2015	2,611	(2,793)	(182)

Independent Auditor's Report to the members of BILLINGTON HOLDINGS PLC

We have audited the parent company financial statements of Billington Holdings Plc for the year ended 31 December 2015 which comprise the parent statement of financial position and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Other matter

We have reported separately on the Group financial statements of Billington Holdings plc for the year ended 31 December 2015.

Grant Thornton UK LLP

John Bowler
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands

21 March 2016

BILLINGTON HOLDINGS PLC

Parent company statement of financial position as at 31 December 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible assets	9		8,842		6,308
Investments	10		1,300		1,300
			10,142		7,608
Current assets					
Debtors falling due within one year	12	664		103	
Cash at bank and in hand		2,619		3,913	
		3,283		4,016	
Creditors: amounts falling due within one year	13	(2,247)		(4,087)	
Net current assets/(liabilities)			1,036		(71)
Total assets less current liabilities			11,178		7,537
Creditors: amounts falling due after more than one year	14		(2,484)		(279)
			8,694		7,258
Capital and reserves					
Called up share capital	16		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other reserve			(904)		(910)
Retained earnings			6,309		4,879
Shareholders' funds			8,694		7,258

The parent company financial statements were approved and authorised for issue by the Board of Directors on 21 March 2016.

P.K. HEMS Chairman

T.M. TAYLOR Finance Director

The statement of accounting policies and notes 1 to 23 form part of these parent company financial statements.

BILLINGTON HOLDINGS PLC

Parent company statement of changes in equity for the year ended 31 December 2015

	Share capital	Share premium account	*Capital* redemption reserve	*Other* reserve - ESOP	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	1,293	1,864	132	(910)	4,879	7,258
ESOP movement in year	-	-	-	6	-	6
Profit for the financial year	-	-	-	-	1,777	1,777
Dividends	-	-	-	-	(347)	(347)
At 31 December 2015	1,293	1,864	132	(904)	6,309	8,694

The statement of accounting policies and notes 1 to 23 form part of these parent company financial statements.

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, 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.

Recognition of assets

Management consider that the significant assets purchased in the year represent the purchase of tangible fixed assets only and do not relate to a business combination. These assets have been recorded at historic cost.

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. Acounting Policies

Basis of preparation of financial statements

These financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 January 2014.

The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening equity and profit for the comparative period are explained in notes and below.

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%

4. Acounting Policies (continued)

(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 probably that they will be recoverd against the reversal of deferred tax liabilitiesor 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.

Defined Benefit Pension Schemes
The company participates in a defined benefit pension scheme but is unable to identify its share of the underlying assets and liabilities. Contributions and pension costs are based on pension costs across the Group as a whole. The pension costs charged against operating profit by the company are the contributions payable to the scheme in respect of the accounting year.

(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.

(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. Profit on ordinary activities

(Loss)/profit on ordinary activities before taxation is stated after:

	2015	2014
	£'000	£'000
Depreciation	92	92
Fees payable to the company's auditor for the audit of the company's annual accounts	28	28
Fees payable to the company's auditor for other services:		
tax compliance services	6	5
other services	23	16
Operating lease rentals	24	42

6. Directors and employees

Staff costs during the year including directors:

	2015	2014
	£'000	£'000
Wages and salaries	1,035	943
Social security	117	116
Pension costs	92	40
	1,244	1,099
Redundancy costs	16	-
	1,260	1,099

The average number of employees of the company during the year was 14 (2014 - 13).

Remuneration in respect of directors was as follows:

	2015	2014
	£'000	£'000
Aggregate emoluments	528	546
Company pension contributions to a defined contribution scheme	33	21

During the year no directors (2014 - no directors) participated in defined benefit pension schemes and two directors (2014 - two directors) participated in a defined contribution pension scheme.

During the year no directors (2014 - no directors) exercised share options.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2015	2014
	£'000	£'000
Aggregate emoluments	211	247
Company pension contributions to a defined contribution scheme	18	-

7. Dividends

A final dividend has been proposed in respect of 2015 of 6.0 pence per ordinary share (£776,060). 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. Profit for the financial year

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 loss on ordinary activities after taxation of the company for the year was £223,000 (2014: profit £17,000).

9. Property, plant and equipment

	Land & buildings	Investment property	Plant & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2015	6,561	-	476	7,037
Additions	2,020	600	6	2,626
At 31 December 2015	8,581	600	482	9,663
Depreciation				
At 1 January 2015	334	-	395	729
Charge for year	54	-	38	92
At 31 December 2015	388	-	433	821
Net book value at 31 December 2015	8,193	600	49	8,842
Net book value at 31 December 2014	6,227	-	81	6,308

Included within land and buildings above is land with a value of £3,994,000 inclusive of leasehold land of £1,000,000.

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

10. Investments

	Shares in subsidiary undertakings	Loans to subsidiary undertakings	Total
	£'000	£'000	£'000
Cost			
As at 1 January and 31 December 2015	550	750	1,300

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

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

11. Employee Share Ownership Plan

The details of the Employee Share Ownership Plan are disclosed in note 10 of the Group financial statements.

12. Debtors

	2015	2014
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	52	9
Other debtors	547	30
Prepayments and accrued income	32	54
Current taxation	21	-
Deferred tax asset	12	10
	664	103

Of the amounts owed by group undertakings, a balance of £317,000 is payable by easi-edge Limited on demand, interest payable on the loan is charged at a nominal rate of interest. A futher group balance of £954,000 is payable by Peter Marshall Steel Stairs Limited, interest payable on the loan is charged at base rate plus 1%. A provision for impairment of £500,000 against this loan has been made.

13. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Bank loans	295	45
Trade creditors	350	315
Amounts owing to group undertakings	1,195	3,394
Social security and other taxes	38	37
Accruals and deferred income	369	269
Current taxation	-	27
	2,247	4,087

Of the amounts owed to group undertakings, the group loan payable balance of £1,195,000 is payable to Billington Structures Limited on demand. Interest payable on the loan is charged at a nominal rate of interest.

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

	2015	2014
	£'000	£'000
Bank loans	2,484	279

Bank loans are repayable as follows:

	2015	2014
Within one year	295	45
Between one to two years	295	279
Between two to five years	2,189	-
	2,779	324

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

15. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 20% (2014 - 21%).

	2015	2014
	£'000	£'000
Accelerated capital allowances	12	10

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.

16. Called up share capital

Equity	2015		2014	
	Number of shares	£'000	Number 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
	12,934,327	1,293	12,934,327	1,293

During the year no "A" ordinary shares were converted into ordinary shares (2014 - none).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2015 and treasury shares held by the ESOP are given in note 10 of the Group financial statements.

17. 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.

18. Ultimate controlling related party

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

19. Leasing commitments

	2015		2014	
Future operating lease payments are as follows:	Land & buildings	Other	Land & buildings	Other
	£'000	£'000	£'000	£'000
within one year	-	20	-	29
between one and five years	-	14	-	34
	-	34	-	63

20. 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 £97,000 (2014 - £40,000).

Defined contribution schemes accounted for £97,000 (2014 - £40,000) of this amount with £nil (2014 - £nil) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

21. 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 (2014: £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 (2014: £nil).

In accordance with FRS 8 Billington Holdings plc is exempt from disclosing related party transactions with its wholly owned subsidiaries.

22. Contingent liabilities

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

23. Transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2015. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Changes for FRS 102 adoption

1. Leasing commitments

FRS 102 requires disclosure of the total future amounts payable for commitments held under operating leases at the date of the statement of financial position. Previously the amounts payable in each of the forthcoming periods were disclosed in accordance with UK GAAP. There is no impact on the results for the year or financial position of the company resulting from this change in disclosure.