

Billington Holdings Plc

Interim Report and Accounts 2019

Billington Holdings Plc

Directors

I. M. Lawson - Non Executive Chairman

S. J. Wardell - Non Executive Director

J. S. Gordon - Non Executive Director

Dr. A. W. Ospelt - Non Executive Director

M. Smith - Chief Executive

T. M. Taylor - Finance Director

Company Secretary

D. P. Kemplay

Registered Office

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Registrar and Main Transfer Office

Link Asset Services,
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Huddersfield, HD8 0GA

Nominated Advisor and Broker

WH Ireland Limited,
Royal House, 28 Sovereign Street
Leeds, LS1 4BJ

Auditors

Grant Thornton UK LLP,
Statutory Auditor,
Chartered Accountants,
1 Holly Street,
Sheffield, S1 2GT

Bankers

HSBC Bank plc,
33 Park Row
Leeds, LS1 1LD

Solicitors

Walker Morris LLP,
33 Wellington Street,
Leeds, LS1 4DL

Interim results and the accompanying announcement to the London Stock Exchange will be available from the Company's website (www.billington-holdings.plc.uk). Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.

Registered in England and Wales, Company No. 02402219.

Condensed consolidated interim income statement

Six months ended 30 June 2019

	Unaudited Six months to 30 June 2019 £'000	Unaudited Six months to 30 June 2018 £'000	Audited Twelve months to 31 December 2018 £'000
Continuing operations			
Revenue, excluding movements in work in progress	48,352	39,229	76,462
(Decrease)/Increase in work in progress	<u>(1,204)</u>	<u>160</u>	<u>804</u>
Revenue	<u>47,148</u>	<u>39,389</u>	<u>77,266</u>
Raw material and consumables	31,855	26,413	49,826
Other external charges	2,489	1,819	3,296
Staff costs	8,304	7,512	15,258
Depreciation	862	586	1,502
Other operating charges	<u>953</u>	<u>1,103</u>	<u>2,383</u>
	<u>44,463</u>	<u>37,433</u>	<u>72,265</u>
Group operating profit	2,685	1,956	5,001
Share of post tax profit in joint ventures	<u>-</u>	<u>-</u>	<u>-</u>
Total operating profit	2,685	1,956	5,001
Net finance expense	<u>(6)</u>	<u>(17)</u>	<u>(58)</u>
Profit before tax	2,679	1,939	4,943
Tax	<u>(531)</u>	<u>(395)</u>	<u>(894)</u>
Profit for the period from continuing operations and attributable to equity holders of the parent company	<u>2,148</u>	<u>1,544</u>	<u>4,049</u>
Earnings per share (basic and diluted) from continuing operations	<u>17.8 p</u>	<u>12.8 p</u>	<u>33.6 p</u>

Earnings per ordinary share has been calculated on the basis of the result for the period after tax, divided by the weighted average number of ordinary shares in issue in the period, excluding those held in the ESOP Trust, of 12,040,608. The comparatives are calculated by reference to the weighted average number of ordinary shares in issue which were 12,048,608 for the period to 30 June 2018 and 12,040,608 for the year ended 31 December 2018.

Condensed consolidated interim statement of comprehensive income

Six months ended 30 June 2019

	Unaudited Six months to 30 June 2019 £'000	Unaudited Six months to 30 June 2018 £'000	Audited Twelve months to 31 December 2018 £'000
Profit for the period	2,148	1,544	4,049
Other comprehensive income			
Remeasurement of net defined benefit surplus	-	-	(532)
Movement on deferred tax relating to pension liability	-	-	97
Current tax relating to pension liability	-	-	(7)
Cash flow hedging - current year profit/(loss)	<u>514</u>	<u>-</u>	<u>(831)</u>
Other comprehensive income, net of tax	<u>514</u>	<u>-</u>	<u>(1,273)</u>
Total comprehensive income for the period attributable to equity holders of the parent company	<u>2,662</u>	<u>1,544</u>	<u>2,776</u>

Condensed consolidated interim balance sheet

As at 30 June 2019

	Unaudited 30 June 2019 £'000	Unaudited 30 June 2018 £'000	Audited 31 December 2018 £'000
Assets			
Non current assets			
Property, plant and equipment	14,109	13,571	14,042
Pension asset	1,630	2,198	1,630
Investment in joint ventures	-	-	-
Deferred tax asset	41	121	39
Total non current assets	15,780	15,890	15,711
Current assets			
Inventories and work in progress	10,755	11,115	12,011
Trade and other receivables	13,821	8,302	7,527
Cash and cash equivalents	10,008	7,562	9,311
Total current assets	34,584	26,979	28,849
Total assets	50,364	42,869	44,560
Liabilities			
Current liabilities			
Current portion of long term borrowings	250	250	250
Trade and other payables	23,292	18,037	18,732
Current tax payable	785	498	627
Total current liabilities	24,327	18,785	19,609
Non current liabilities			
Long term borrowings	1,375	1,627	1,500
Deferred tax liabilities	-	287	-
Total non current liabilities	1,375	1,914	1,500
Total liabilities	25,702	20,699	21,109
Net assets	24,662	22,170	23,451
Equity			
Share capital	1,293	1,293	1,293
Share premium	1,864	1,864	1,864
Capital redemption reserve	132	132	132
Other reserve	(1,161)	(844)	(1,675)
Accumulated profits	22,534	19,725	21,837
Total equity	24,662	22,170	23,451

Condensed consolidated interim statement of changes in equity
(Unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other components of equity £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2018	1,293	1,864	132	(844)	19,531	21,976
Equity dividends	-	-	-	-	(1,385)	(1,385)
Credit related to equity-settled share based payments	-	-	-	-	35	35
Transactions with owners	-	-	-	-	(1,350)	(1,350)
Profit for the six months to 30 June 2018	-	-	-	-	1,544	1,544
Total comprehensive income for the period	-	-	-	-	1,544	1,544
At 30 June 2018	1,293	1,864	132	(844)	19,725	22,170
At 1 July 2018	1,293	1,864	132	(844)	19,725	22,170
Credit related to equity-settled share based payments	-	-	-	-	49	49
ESOP movement in period	-	-	-	-	-	-
Transactions with owners	-	-	-	-	49	49
Profit for the six months to 31 December 2018	-	-	-	-	2,505	2,505
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	(532)	(532)
Income tax relating to components of other comprehensive income	-	-	-	-	90	90
Financial instruments	-	-	-	(831)	-	(831)
Total comprehensive income for the period	-	-	-	(831)	2,063	1,232
At 31 December 2018	1,293	1,864	132	(1,675)	21,837	23,451
At 1 January 2019	1,293	1,864	132	(1,675)	21,837	23,451
Equity dividends	-	-	-	-	(1,565)	(1,565)
Credit related to equity-settled share based payments	-	-	-	-	114	114
Transactions with owners	-	-	-	-	(1,451)	(1,451)
Profit for the six months to 30 June 2019	-	-	-	-	2,148	2,148
Other comprehensive income						
Actuarial loss recognised in the pension schemes	-	-	-	-	-	0
Financial instruments	-	-	-	514	-	514
Total comprehensive income for the period	-	-	-	514	2,148	2,662
At 30 June 2019	1,293	1,864	132	(1,161)	22,534	24,662

Condensed consolidated interim cash flow statement

Six months ended 30 June 2019

	Unaudited Six months to 30 June 2019 £'000	Unaudited Six months to 30 June 2018 £'000	Audited Twelve months to 31 December 2018 £'000
Cash flows from operating activities			
Group profit after tax	2,148	1,544	4,049
Taxation paid	(376)	(360)	(843)
Interest received	15	-	23
Depreciation on property, plant and equipment	862	586	1,502
Share based payment charge	114	35	84
Profit on sale of property, plant and equipment	(112)	(150)	(274)
Taxation charge recognised in income statement	531	395	894
Net finance expense	6	17	58
Decrease/(Increase) in inventories and work in progress	1,256	(103)	(999)
Increase in trade and other receivables	(6,294)	(2,602)	(1,827)
Increase in trade and other payables	4,803	2,083	1,944
Net cash flow from operating activities	2,953	1,445	4,611
Cash flows from investing activities			
Purchase of property, plant and equipment	(657)	(573)	(1,962)
Proceeds from sale of property, plant and equipment	112	156	283
Net cash flow from investing activities	(545)	(417)	(1,679)
Cash flows from financing activities			
Interest paid	(21)	(17)	(45)
Repayment of bank and other loans	(125)	(127)	(250)
Equity dividends paid	(1,565)	(1,385)	(1,385)
Capital element of hire purchase payments	-	-	(4)
Net cash flow from financing activities	(1,711)	(1,529)	(1,684)
Net increase/(decrease) in cash and cash equivalents	697	(501)	1,248
Cash and cash equivalents at beginning of period	9,311	8,063	8,063
Cash and cash equivalents at end of period	10,008	7,562	9,311

Notes to the interim accounts - as at 30 June 2019

Segmental Reporting

The Group trading operations of Billington Holdings plc are in Structural Steel and Safety Solutions, and all are continuing. The Structural Steel segment includes the activities of Billington Structures Limited and Peter Marshall Steel Stairs Limited, and the Safety Solutions segment includes the activities of easi-edge Limited and hoard-it Limited. The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are shown in Other. All assets of the Group reside in the UK.

From 31 December 2018 the Company apportioned its activities between two operating segments, Structural Steel and Safety Solutions. The segmental reporting has been restated for the comparative period of 30 June 2018.

	Unaudited Six months to 30th June 2019 £000	Unaudited Six months to 30th June 2018 £000	Audited Twelve months to 31st December 2018 £000
Analysis of revenue (including movement in WIP)			
Structural Steel	43,351	36,207	70,164
Safety solutions	3,797	3,182	7,102
Other	-	-	-
Consolidated total	<u>47,148</u>	<u>39,389</u>	<u>77,266</u>
Analysis of Group operating (loss)/profit before finance income/(cost)			
Structural Steel	1,966	1,277	3,631
Safety solutions	733	599	1,368
Other	(14)	80	2
Consolidated total	<u>2,685</u>	<u>1,956</u>	<u>5,001</u>

Basis of preparation

These consolidated interim financial statements are for the six months ended 30 June 2019. They have been prepared with regard to the requirements of IFRS. The financial information set out in these consolidated interim financial statements does not constitute statutory accounts as defined in S434 of the Companies Act 2006. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018 which contained an unqualified audit report and have been filed with the Registrar of Companies. They did not contain statements under S498 of the Companies Act 2006.

These consolidated interim financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements.

New Standards adopted as at 1 January 2019

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 16 'Leases'

IFRS 16 Leases replaces IAS 17 Leases along with three Interpretations (IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard is mandatory for reporting periods beginning on or after 1 January 2019.

Under the new standard, an asset (the right-of-use asset) and a financial liability are recognised. The only exceptions are short term and low value leases.

Billington Holdings Plc has applied the modified retrospective approach to the transition to IFRS 16, recognising the cumulative effect at the date of initial application (1 January 2019) as an adjustment to the opening balance of retained earnings for the current period. The adjustment amounted to £nil. Prior periods have not been restated. On transition, for leases previously accounted as operating leases with a lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions in the standard to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16. The Group also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16 and has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases. The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 2.5%.

The impact of the adoption of this standard and the new accounting policy was as follows:

Recognition of Right of Use Assets	282,000
Recognition of Lease liabilities	(282,000)
Reduction in operating lease costs	(86,000)
Additional depreciation	84,000
Additional interest charges	4,000

Operating lease commitments disclosed at 31 Dec 18:

Land & Buildings	128,000
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Other	233,000
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Lease commitments discounted using the incremental borrowing rate:

Land & Buildings	125,000
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Other - recognised under IFRS 16	<u>157,000</u>
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Opening lease liability under IFRS 16	282,000
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Other - not recognised as small or short	72,000
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Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2019 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

Dividends

In the first half of 2019 Billington Holdings Plc declared a final dividend of 13.0 pence per share amounting to £1,565,000 (2018: 11.5 pence, £1,385,000) to its equity shareholders. No interim dividend for 2019 has been declared (2018: nil).

These results were approved by the Board of Directors on 20 September 2019.