



Report & Financial Statements

Year ended
31 December 2012

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Chairman's Statement

Introduction

I am pleased to report that the full year results for Billington Holdings Plc ('Billington' /'Group'/'Company') for 2012 were in line with market expectations, after adjusting for redundancy costs.

Market conditions remained extremely challenging throughout the course of the year and the proactive restructuring action that the Group commenced in 2011, which was completed in 2012, resulted in an appropriate right-sizing of the business to market conditions, delivered annualised cost savings of nearly £3 million and led to a final result that was much improved on the Group's prior year performance.

Results

The loss before tax for the year, excluding redundancy costs, improved by £1.6 million to £0.1 million on revenue of £38.2 million, compared with a loss of £1.7 million on revenue of £53.9 million in the previous year. The reduction in revenue was primarily due to the decision to revert to a single shift working pattern in our core structural steel business, which was taken in order to adjust production levels to market demand.

The overall loss per share for the year amounted to 3.6p, compared with 14.9p in 2011, reflecting the difficult trading conditions during the year.

Liquidity and capital resources

There has been an outflow of cash during the year of £0.8 million, which can be attributed to a combination of additional working capital requirements and capital equipment replacement. The Group maintained a robust balance sheet, with cash balances of £1.0 million at 31 December 2012, which together with the bank overdraft facilities available will provide adequate funds to cover the projected working capital requirements of the business.

Dividend

The Board remains committed to supporting the shareholders with the payment of a dividend when it is prudent to do so. Although the results show a considerable improvement over the previous year the net result is still a loss and it is in the best interests of the Group to continue to preserve cash for its working capital requirements. Therefore the Board has decided not to declare a final dividend.

Divisional performance

The review of operations which commenced in 2011 was concluded in the early part of 2012, resulting in further redundancy and reorganisation costs in 2012 totalling £0.3 million. This review also resulted in the decision to revert to a single shift working pattern with effect from the early part of the year.

The Group also introduced a number of operating efficiencies in order to ensure that the current capacity on a single shift work pattern is capable of meeting anticipated demand in current market conditions. The Group has sought to improve its operating margins through cost reductions and operating efficiencies as well as being selective about work undertaken.



Market sectors related to commercial, industrial and retail schemes remain extremely competitive through a significant number of structural steelwork providers being able to deliver such projects. The Group continues to target value added work in energy, rail and other transport projects along with tubular and complex steelwork schemes where competition remains less fierce and margins appear to be higher. The Group continues to further promote to customers the areas in which it considers it can differentiate itself from the competition and where value can be added to a project as opposed to solely focusing on price.

The results of the Peter Marshall Stairs subsidiary were disappointing. The decision was taken to strengthen the management team and in January 2013 a new MD designate was appointed with significant managerial experience within the structural steelwork sector. He is in the process of carrying out a full review of the company's operations and processes with the objective of achieving a positive contribution for 2013.

The easi-edge safety barrier division noted a reduced level of contribution to that which it had achieved in previous years due to a reduction in the level of demand for its barriers. There were changes to the management team during the year and I am pleased to report that we are seeing a gradual increase in demand for barriers such that we are anticipating an improved contribution from this division for 2013.

The hoard-it division continued to make steady progress with increasing demand for its products. The decision was taken to strengthen the management of this division to work with the existing small team to take the business forward. A new commercial director joined the business in January 2013.

Prospects

The reorganisation and operational efficiencies introduced in 2011 and 2012 leave the core structural steel business well placed to respond to the demands of its traditional markets, as well as being capable of responding to new opportunities in different sectors when opportunities arise. Further resource has been committed to targeting sectors Billington Structures has not previously been actively involved in; these include rail, energy from waste and further emphasis on complex structural steel projects. Although it is anticipated that the market will remain challenging in 2013 the Group as a whole is committed to and confident of improving its operating margins. The strengthening of the management teams in all Group subsidiaries should enable those businesses to achieve improved results for 2013 and also provide a platform for greater stability, growth and improved contributions in future years.

Billington Structures has progressed well in establishing itself in the rail sector following its successful Linkup approval in 2011 and has completed a number of projects in this sector in the year. Further planned expansion of the UK rail infrastructure combined with the Company's ability to tackle complex and challenging contracts will place it in a strong position as this work is completed over the coming years.

It is difficult to forecast when there will be a sustained recovery in the structural steelwork market, there have been a number of false dawns to date and the only way to move forward is to assume that the current market conditions are the new norm in the short term. We anticipate that there will be some marginal improvement in trading conditions during 2013 and to that end we are looking to enhance and improve our sales and marketing activities to ensure that we are well placed to seek out opportunities and take advantage of any increased demand for the Group's services as and when that demand arises. The Group commenced the year with an improved order book over that of the previous year with a portfolio of work across a number of markets.

Management and workforce

I should like to express my thanks to all the directors and employees for their efforts and assistance over the last twelve months which has continued to be a particularly challenging time.

I am also pleased to welcome Dr Alexander Ospelt to the Board as a non executive director with effect from 1 January 2013. Dr Ospelt is a lawyer by profession and sits on a number of Boards, has a wide range of commercial experience and will also strengthen the relationship between the Board and the Company's major shareholders.



Peter Hems

Peter Hems
Non Executive Chairman
18 March 2013

2012 remained difficult for the sector with the UK structural steelwork industry continuing to flat line at circa 800,000 tonnes per annum, almost half of the peak of five years ago.

The year has seen further small reductions in capacity as competitors fail and consolidate, a trend that we foresee continuing in 2013 as the industry continues to rebalance the supply/demand equation. Confidence in the sector has been adversely affected by a series of negative trading statements from the market leader, which is the only other London listed competitor. Against this trading backdrop, our planned reductions in production and manning levels, coupled with a complete review of our business processes, has enabled the Group to make significant progress towards its mission of 'Stability and a return to profitability'.

Health, Safety, Sustainability, Quality and the Environment

Health, safety, sustainability, quality and environmental remains the cornerstone of our businesses. The Group actively seeks continual improvement across all these areas and, as such, has recently appointed a new Group SHEQ manager who has significant industry experience and a proven track record of delivering improved results.

Many new initiatives to improve our performance commenced in 2012 including site based training and stand down days for our sub-contractors.

Billington Structures Limited

Over 15,000 tonnes of structural steel was efficiently fabricated on a single shift basis from our factories in Barnsley and Bristol during 2012.

Key projects included:

- The completion of St George's Park, the new training centre near Burton on Trent for the Football Association.
- The new stand for Saracens RFC.
- Educational facilities in Sheffield, Rochdale, Kings Lynn, Blackpool and Stoke.
- A major facility for West Yorkshire Police.
- Bicester town centre retail development.

Billington Structures starts 2013 with a strong portfolio of work including footbridges and a new station in the rail sector, a major plant in Plymouth in the waste to energy sector and in the sport sector the first Olympic legacy project at Derby Arena. We were pleased to be awarded a Structural Steel Design award for our work at the Royal Shakespeare Theatre. The Company continues to target and address sectors where we believe the margins remain stronger. Sales and marketing has been strengthened with a focus on these sectors which to date have yielded good results and it is anticipated this will continue.

Our JV with the Bourne Group, BS2, remains robust and we have several major opportunities presenting themselves in 2013.

Tubecon

Tubecon continues to grow its market share and expand its client base.

Major projects include:

- The Coca Cola pavilion and Wayfinder Gantries at the Olympic Park.
- A major sports facility for The University of Cambridge.
- Various canopies and atriums in Manchester, Glasgow, Bristol and West Bromwich.

Tubecon started 2013 with several major projects in The City of London and Glasgow.

easi-edge Limited

2012 was a year of consolidation as the slowdown in the construction sector impacted the business. During the period the long serving senior management team of Managing Director and Commercial Director both sought early retirement on health grounds. We were fortunate in being able to promote and transfer a member of the Billington Structures' management into the position of Operations Director.

Major projects where safety edge protection was supplied included:

- The Ageas Bowl, Southampton.
- Wigmore Street, London.
- School projects in Felixstowe, Huddersfield, Peterborough and Cumbria.
- Lancashire Cricket Club, Manchester.

Enquiries in the closing months of 2012 were 40 per cent up on the previous year and good conversion rates have increased the stock utilisation by five per cent over the same period.

hoard-it division

Our unique sustainable site security hoarding system continues to grow, develop new products and increase its market share.

Major projects included:

- Guy's Hospital, London.
- Major installations for the Ministry of Defence.
- School projects in Littlehampton, Barnsley, Rotherham, Bournemouth and Kings Lynn.

- University projects in Northampton, Sheffield, Exeter and Bristol.
- Green living hoardings in Enfield.
- House building sites in Cambridge, Oxford and Rotherham.

The start of 2013 has seen a surge in orders and our new internal hoarding system, known as screen-it, has been installed at Heathrow Airport Terminal 2. On 1 January 2013 a Commercial Director was appointed to provide further knowledge and expertise of the sector to assist in taking the company forward to the next level.

Peter Marshall Steel Stairs Limited

Mirroring the difficulties in the structural steelwork sector, 2012 proved problematic for Peter Marshall Stairs as a result of competitive pressure in the marketplace.

Some notable projects have included:

- Staircases for the iconic Bevis Marks building in London.
- Complex steelwork for the British Museum.
- Stairs and metalwork to several waste to energy projects.

To further strengthen and develop the management team on 1 January 2013 a Managing Director designate was appointed. Work has commenced on achieving the required CE marking standards by the end of 2013.

People

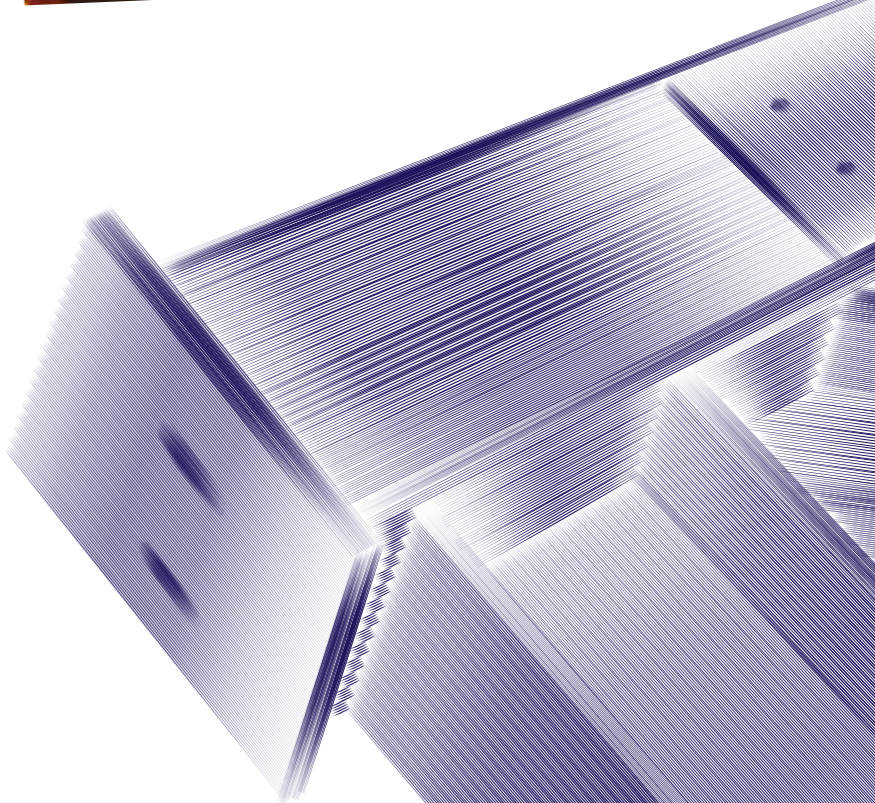
As always I would like to take the opportunity of thanking all of our employees, my fellow board members and wider stakeholders for your continuing support in what continues to be the most extraordinary of times.

There have been a significant number of changes at senior management level during the period and I would like to wish the directors who have sought to leave early a long and healthy retirement. May I also offer a warm welcome to the newly appointed directors in our various subsidiaries.

Conclusion

We continue to make inroads into alternative sectors to our traditional commercial and industrial steelwork market. Having commissioned an external report into how we can offer our customers a broader portfolio of products and services, we intend to implement the report's recommendations to further strengthen the Group's marketing and sales resource to assist in promoting a more connected and expansive offering to customers in 2013. As such we have appointed a Group marketing manager, together with a number of business development managers, and look forward to an improvement in our presence in the market place as Billington Holdings.

Towards the end of 2012 there appeared to be a growing sense of order and stability entering the structural steelwork sector as cutthroat pricing below cost was finally recognised as an unsustainable approach. If this sense of order in the sector can continue, then I remain cautiously optimistic that although 2013 will continue to be challenging, further improvements and a return to modest profitability is possible.



Steve Fareham

Steve Fareham
Chief Executive
18 March 2013

Consolidated Income Statement

	2012 £'000	2011 £'000
Revenue	38,171	53,878
Operating loss	(438)	(2,240)
Loss before tax	(455)	(2,159)
Loss after tax	(415)	(1,729)
Loss before tax excluding redundancy costs	(133)	(1,687)
Loss for shareholders	(415)	(1,729)
Loss per share	(3.6)p	(14.9)p

The results for the year indicate a much improved performance by the Group and are indicative of the progress made to date following the restructuring of the businesses in late 2011 and early 2012.

Revenue decreased by 29 per cent primarily as a result of the Billington Structures' business reverting back to a single shift operation at its plants in Barnsley and Bristol as a conscious effort to target value added work as opposed to production volumes. Demand for structural steel in 2012 still remains at depressed levels, approximately half of the pre-recession levels, and although the industry as a whole has seen a significant amount of supply removed from the market there remains an imbalance of supply and demand, albeit at a reduced level.

Operating margins (after redundancy costs) improved to (1.1) per cent, which was 74 per cent higher than in 2011.

Loss per share improved from 14.9p in 2011 to 3.6p in 2012.

Redundancy costs of £322,000 were expended in the year further to £472,000 in 2011; the annualised cost saving of these redundancies is £2,846,000. The Group continues to monitor its resources on an on-going basis with a view to aligning the cost base with that of anticipated demand and the related price the Group feels it is able to achieve for its products.

Consolidated Balance Sheet

	2012 £'000	2011 £'000
Non current assets	9,331	9,994
Current assets	11,127	15,588
Current liabilities	7,791	12,372
Non current liabilities	368	413
Total equity	12,299	12,797

Capital expenditure has been kept to a minimum where possible; the total amount expended in the year was £347,000 against £1,969,000 in 2011.

Within non current assets property, plant and equipment decreased by £788,000, and deferred tax assets increased by £68,000. Capital expenditure of £347,000 was incurred in the year with net disposals being £55,000 and depreciation was charged in the year of £1,080,000. The balance of the movement is as a result of a surplus on the defined benefit pension scheme.

The reduction of £4,461,000 in current assets included decreases of £1,897,000 in inventories, £1,737,000 in trade and other receivables and £827,000 in cash.

The total reduction of £4,581,000 in current liabilities principally comprised a reduction in trade and other payables.

A property loan of £469,000 was taken in 2011 to purchase the trading premises of Peter Marshall Steel Stairs. £368,000 of this is reflected within non-current liabilities with repayments made against the balance in the year of £49,000.

Total equity reduced by £498,000 in the year to £12,299,000 and while this is disappointing the financial position of the Group at the end of the year remains robust and provides a platform from which to continue to move forward through these difficult economic times.

Consolidated Cash Flow

	2012 £'000	2011 £'000
Result for shareholders	(415)	(1,729)
Depreciation	1,080	1,265
Capital expenditure	(347)	(1,969)
Tax	(10)	150
Increase in working capital	(934)	(1,226)
Dividends	-	-
Net property loan movement	(49)	462
Others	(152)	32
Net cash outflow	(827)	(3,015)
Cash at beginning of year	1,839	4,854
Cash at end of year	1,012	1,839

The primary factors underlying the net cash outflow in the year were capital expenditure and a larger proportionate decrease in trade and other payables as compared to inventories and work in progress

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

Working capital in the continuing operations was as shown below:

	2012 £'000	2011 £'000
Inventories	5,897	7,794
Accounts receivable	4,218	5,955
Accounts payable	(7,746)	(12,314)
Working capital at end of year	2,369	1,435

Cash balances at the year-end totalled £1,012,000 and there were property loans outstanding of £413,000. While the cash position has decreased

by £827,000 from 2011 the Group continues with significant headroom over its agreed facilities with its bankers.

Pension Scheme

	2011 £'000	2010 £'000
Scheme assets	6,025	5,854
Scheme liabilities	(5,641)	(5,527)
Surplus	384	327
Other finance income	-	88
Contributions to defined benefit scheme	167	109

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.

A recovery plan for the Billington scheme was agreed with the trustees following an actuarial valuation of the scheme liabilities as at 31 March 2011 (approved 18 June 2012), in accordance with the requirements of the Pensions Act. Additional contributions are being made in accordance with this agreement.



Trevor Taylor
Financial Director
18 March 2013





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Directors

P.K. Hems
Non Executive Chairman

S.G.T. Fareham
Chief Executive

T.M. Taylor
Financial Director

J.S. Gordon
Non Executive Director

Dr. A. Ospelt
Non Executive Director

Secretary

L.S. Holloway

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Chartered Accountants
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NG2 2DQ

The directors present their report together with the audited financial statements for the year ended 31 December 2012.

1. Principal activities and business review

The company is principally engaged in the activity of a holding company and the provision of management services to its subsidiaries.

The Group operates 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. Peter Marshall Steel Stairs Limited commenced trading on 22 March 2011 following the acquisition of the trade and assets of a company in administration.

On a Group basis the business review and future prospects for the business are contained within the Chairman's Statement, Operational Review and Financial Review, including an analysis using financial key performance indicators.

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.

Non financial key performance indicators

	2012	2011
Tonnes of steel fabricated (000's)	15	23
Production efficiency	101%	98%
Hire stock utilisation	65%	87%
Accidents (own employees)		
- reportable	-	3
- minor	16	40
Employee numbers	289	365

Report of the directors for the year ended 31 December 2012 (continued)

2. Results and dividends

The consolidated income statement is set out on page 18 and shows the result for the year.

No final dividend in respect of 2011 was paid, nor were any interim dividends paid during 2012. The directors do not recommend the payment of a final dividend in respect of 2012.

3. Directors

All directors appointed at the year end served throughout the year. On 1 January 2013 Dr. A. Ospelt was appointed to the Board as a Non Executive Director.

In accordance with the articles of association Mr S.G.T. Fareham and Mr J.S. Gordon retire and offer themselves for re-election. In addition, in accordance with the articles of association Dr. A. Ospelt, having been appointed since the last Annual General Meeting, retires and offers himself for re-election.

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

	Billington Holdings Plc ordinary 10p shares			
	31 December 2012		1 January 2012 (or date of appointment)	
	Shares	Options	Shares	Options
P.K. Hems	15,000	-	15,000	-
S.G.T. Fareham	14,000	-	14,000	-
T.M. Taylor	-	-	-	-
J.S. Gordon	356,667	-	356,667	-
Dr. A. Ospelt	-	-	-	-

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).

6. Charitable donations

During the year the Group made contributions totalling £1,000 (2011 - £3,000) to United Kingdom charitable organisations.

7. Payment policy

The Group's policy is to agree terms and conditions with suppliers before business takes place and to pay agreed invoices in accordance with the terms of payment. Trade payables of the continuing Group at the year end amount to 79 days (2011 - 75 days) of average supplies for the year.

The parent company does not trade outside the Group and therefore does not have significant trade creditors.

8. Statement of directors' responsibilities

The directors are responsible for preparing the 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 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).

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 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.

9. 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.

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 financial statements).

10. 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 9 (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.

11. 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.

12. Approval

The board of directors of Billington Holdings Plc has approved the contents of this report and financial statements for the year ended 31 December 2012.

BY ORDER OF THE BOARD



L.S. Holloway
Secretary
Billington Holdings plc
Company Number - 02402219
18 March 2013

We have audited the Group financial statements of Billington Holdings plc for the year ended 31 December 2012 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 notes 1 to 24. 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 statement of directors' responsibilities set out on page 14, 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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 report of the directors for the financial year for which the 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: Under the Companies Act 2006 we are required 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 2012.



John Bowler

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands
18 March 2013



Consolidated income statement for the year ended 31 December 2012

	Note	2012		2011	
		£'000	£'000	£'000	£'000
Revenue	2		38,171		53,878
(Decrease)/increase in work in progress			(1,824)		1,179
			<u>36,347</u>		<u>55,057</u>
Raw materials and consumables		21,402		38,296	
Other external charges		2,946		3,408	
Staff costs	3	10,027		12,948	
Redundancy	3	322		472	
Depreciation	2	1,080		1,265	
Other operating charges		<u>1,008</u>		<u>908</u>	
			<u>(36,785)</u>		<u>(57,297)</u>
Group operating loss			<u>(438)</u>		<u>(2,240)</u>
Share of post tax profit in joint ventures	23		-		-
Total operating loss			<u>(438)</u>		<u>(2,240)</u>
Net finance cost	4		(17)		(7)
Other finance income - pension scheme	21		-		88
Loss before tax	2		<u>(455)</u>		<u>(2,159)</u>
Tax	5		40		430
Loss for the year			<u>(415)</u>		<u>(1,729)</u>
Loss for the year attributable to equity holders of the parent company			<u>(415)</u>		<u>(1,729)</u>
Loss per share (basic and diluted)	7		<u>(3.6) p</u>		<u>(14.9) p</u>

All results arose from continuing operations.

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

Consolidated statement of comprehensive income for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Loss for the year		(415)	(1,729)
Other comprehensive income			
Actuarial loss recognised in the pension scheme	21	(110)	(134)
Movement on deferred tax relating to pension liability	21	(14)	26
Current tax relating to pension liability	5	41	24
Other comprehensive income, net of tax		<u>(83)</u>	<u>(84)</u>
Total comprehensive income for the year attributable to equity holders of the parent company		<u>(498)</u>	<u>(1,813)</u>

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



Consolidated balance sheet as at 31 December 2012

	Note	2012		2011	
		£'000	£'000	£'000	£'000
Assets					
Non current assets					
Property, plant and equipment	8		8,069		8,857
Pension assets	21		384		327
Investments in joint ventures	9		-		-
Deferred tax asset	16		878		810
Total non current assets			9,331		9,994
Current assets					
Inventories and work in progress	11	5,897		7,794	
Trade and other receivables	12	4,218		5,955	
Cash and cash equivalents		1,012		1,839	
Total current assets			11,127		15,588
Total assets			20,458		25,582
Liabilities					
Current liabilities					
Current portion of long term borrowings	15	45		49	
Trade and other payables	13	7,746		12,314	
Current tax payable		-		9	
Total current liabilities			7,791		12,372
Non current liabilities					
Long term borrowings	15	368		413	
Total non current liabilities			368		413
Total liabilities			8,159		12,785
Net assets			12,299		12,797
Equity					
Share capital	18	1,293		1,293	
Share premium		1,864		1,864	
Capital redemption reserve		132		132	
Other reserve		(909)		(909)	
Accumulated profits		9,919		10,417	
Total equity			12,299		12,797

The Group financial statements were approved by the Board of Directors on 18 March 2013.



Peter Hems Chairman



Trevor Taylor Financial Director

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

Consolidated statement of changes in equity for the year ended 31 December 2012

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve - ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2011	1,293	1,864	132	(902)	12,230	14,617
Transactions with owners						
ESOP movement in year	-	-	-	(7)	-	(7)
Transactions with owners	-	-	-	(7)	-	(7)
Loss for the financial year	-	-	-	-	(1,729)	(1,729)
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	(134)	(134)
Income tax relating to components of other comprehensive income	-	-	-	-	50	50
Total comprehensive income for the year	-	-	-	-	(1,813)	(1,813)
At 31 December 2011	1,293	1,864	132	(909)	10,417	12,797
At 1 January 2012						
Transactions with owners						
ESOP movement in year	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
Loss for the financial year	-	-	-	-	(415)	(415)
Other comprehensive income						
Actuarial loss recognised in the pension scheme	-	-	-	-	(110)	(110)
Income tax relating to components of other comprehensive income	-	-	-	-	27	27
Total comprehensive income for the year	-	-	-	-	(498)	(498)
At 31 December 2012	1,293	1,864	132	(909)	9,919	12,299

The Group accumulated profits reserve includes a surplus of £292,000 (2011 - £249,000) 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 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
Group loss after tax		(415)	(1,729)
Taxation (paid)/received		(10)	150
Interest received		-	12
Depreciation on property, plant and equipment		1,080	1,265
Difference between pension charge and cash contributions		(167)	(2)
Profit on sale of property, plant and equipment		(28)	(68)
Taxation credit recognised in income statement		(40)	(430)
Net finance expense/(income)		17	(81)
Decrease/(increase) in inventories and work in progress		1,897	(1,261)
Decrease/(increase) in trade and other receivables		1,737	(2,709)
(Decrease)/increase in trade and other payables		(4,568)	2,744
Net cash flow from operating activities		(497)	(2,109)
Cash flows from investing activities			
Purchase of property, plant and equipment		(347)	(1,969)
Proceeds from sale of property, plant and equipment		83	627
Net cash flow from investing activities		(264)	(1,342)
Cash flows from financing activities			
Interest paid		(17)	(19)
Proceeds of bank and other loans		-	469
Repayment of bank and other loans		(49)	(7)
Employee Share Ownership Plan share purchases	10	-	(7)
Net cash flow from financing activities		(66)	436
Net decrease in cash and cash equivalents		(827)	(3,015)
Cash and cash equivalents at beginning of period		1,839	4,854
Cash and cash equivalents at end of period		1,012	1,839

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 2012.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

(a) Basis of consolidation

The Group financial statements consolidate those of the 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.

(b) 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 classified as amounts recoverable on contracts and separately disclosed within current assets.

Statement of accounting policies (continued)

- 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.

(c) 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%

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.

(d) 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 on the basis of independent certification of value of work done. Unpaid certified work is classified as amounts recoverable on contracts.

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.

(e) 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.



Statement of accounting policies (continued)

(f) 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 balance sheet. 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.

(g) Leased assets

In accordance with IAS 17, 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.



(h) 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.

(i) 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.

(j) 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.

(k) Financial assets

Financial assets are divided into the following categories: loans and receivables; financial assets at fair value through profit or loss; available-for-sale financial assets; and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition,

depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

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

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

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

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

Statement of accounting policies (continued)

(l) 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.

(m) Cash and cash equivalents

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

(n) 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.

(o) 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.

(p) 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 board of Billington Holdings plc. There have been no changes from prior periods in the measurement methods used to determine segment profit or loss.

(q) Standards and interpretations in issue not yet effective

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

IFRS 10 Consolidated Financial Statements (effective 1 January 2014)

IFRS 11 Joint Arrangements (effective 1 January 2014)

IFRS 13 Fair Value Measurement (effective 1 January 2013)

IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)

IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2014)

Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)

Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective date 1 January 2013)

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.

(r) 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 b.

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 assets

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.

Statement of accounting policies (continued)



(r) Significant management judgements 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.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2012 management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in note 8.

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.

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 £5,641,000 (2011: £5,527,000) 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 during the prior year.

(s) 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 on the face of the balance sheet. There are no covenants in place over the capital ratio to be maintained.



Notes forming part of the Group financial statements for the year ended 31 December 2012

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 with Structural Steel. All assets of the Group reside in the UK.

2. Revenue and loss before tax

Revenue and loss before tax are attributable to the Group's operations of structural steel. All revenue originated from the UK with 90% (2011: 93%) being derived from construction contracts. During 2012 two customers included within the structural steel sector accounted for greater than 10% of the Group's revenue. These Contractors accounted for 12% and 23% (2011: one contractor for 18%) of Group revenue.

Revenue from structural steel

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
United Kingdom	35,927	51,482

Sales of services

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
United Kingdom	2,244	2,396

Loss before tax is stated after:

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>

An analysis of fees paid to the company's auditor

Fees payable to the company's auditor for the audit of the company's annual accounts	28	26
Fees payable to the company's auditor and its associates for other services:		
the audit of the company's subsidiaries	22	23
corporate finance	-	5
tax services	5	13
other services	2	12
Depreciation	1,080	1,265
Profit on disposal of property, plant and equipment	(28)	(68)
Operating lease charges:		
short term hire of plant and machinery	7	5
operating leases - other	250	170
operating leases - property	103	105

3. Directors and employees

Staff costs during the year including directors:

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	8,822	11,300
Social security	943	1,205
Pension costs	262	443
	<u>10,027</u>	<u>12,948</u>
Redundancy	322	472
	<u>10,349</u>	<u>13,420</u>

The average number of employees of the continuing Group during the year was 289 (2011 - 365).

Key management is considered to be the directors of Billington Holdings plc. Remuneration in respect of key management was as follows:

	<u>Salary and Fees</u>	<u>Other Emoluments</u>	<u>Pension</u>	<u>Total</u>	<u>2011 Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Executive					
S.G.T. Fareham	181	15	8	204	207
P.J. Hart	-	-	-	-	120
S.M.C. Fewster	-	-	-	-	47
T.M. Taylor	63	10	10	83	14
Non-executive					
P.K. Hems	80	-	-	80	80
J.S. Gordon	33	-	-	33	33
	<u>357</u>	<u>25</u>	<u>18</u>	<u>400</u>	<u>501</u>
Employer's NI				48	56
Key management personnel compensation				<u>448</u>	<u>557</u>

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

During the year no directors (2011 - no directors) participated in defined benefit pension schemes and two directors (2011 - four directors) participated in a defined contribution pension scheme.

During the year no directors (2011 - no directors) exercised share options.

Notes forming part of the Group financial statements for the year ended 31 December 2012 (continued)

4. Net finance (expense)/income

	2012	2011
	£'000	£'000
Payable on bank loans and overdrafts	(16)	(5)
Receivable on bank balances	-	12
Other interest receivable	-	1
Other interest payable	(1)	(15)
Net finance cost	(17)	(7)
Other finance income - pension scheme (see note 21)	-	88
	<u>(17)</u>	<u>81</u>

5. Tax on loss on ordinary activities

The tax credit represents:

	2012	2011
	£'000	£'000
Corporation tax at 24.5% (2011 - 26.5%)	42	35
Adjustment in respect of prior years	-	(1)
Total current tax	42	34
Deferred tax credit - (note 16)	(82)	(464)
Total tax credit for the year	<u>(40)</u>	<u>(430)</u>

Tax relating to other comprehensive income:

	2012	2011
	£'000	£'000
Corporation tax at 24.5% (2011 - 26.5%)	-	-
Current tax credit relating to pension liability	(41)	(24)

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 24.5% (2011 - 26.5%). The differences are explained as follows:

	2012	2011
	£'000	£'000
Loss on ordinary activities before tax	(455)	(2,159)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 24.5% (2011 - 26.5%)	(111)	(572)
Effects of:		
expenses not deductible for tax purposes	3	10
adjustments to tax charge in respect of prior years	-	(1)
other adjustments	67	121
ESOP tax charge	1	12
Total tax credit for year	<u>(40)</u>	<u>(430)</u>

The ESOP tax charge in the year represents tax due on the receipt of dividends in the ESOP from the parent company.

6. Dividends

No final dividend has been proposed in respect of 2012 or 2011.

7. Loss per share

Loss per share is calculated by dividing the loss for the year of £415,000 (2011 - loss - £1,729,000) by 11,581,358 (2011 - 11,586,616) 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 loss per share calculation as there are no potential dilutive ordinary shares.

8. Property, plant and equipment

	Freehold property	Long leasehold property	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1st January 2011	5,053	1,000	10,619	16,672
Additions	703	-	1,266	1,969
Disposals	-	-	(971)	(971)
At 1st January 2012	5,756	1,000	10,914	17,670
Additions	-	-	347	347
Disposals	-	-	(710)	(710)
At 31st December 2012	<u>5,756</u>	<u>1,000</u>	<u>10,551</u>	<u>17,307</u>

	Freehold property	Long leasehold property	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000
Depreciation				
At 1st January 2011	260	-	7,700	7,960
Charge for year	50	-	1,215	1,265
Disposals	-	-	(412)	(412)
At 1st January 2012	310	-	8,503	8,813
Charge for year	54	-	1,026	1,080
Disposals	-	-	(655)	(655)
At 31st December 2012	<u>364</u>	<u>-</u>	<u>8,874</u>	<u>9,238</u>
Net book value at 31st December 2012	<u>5,392</u>	<u>1,000</u>	<u>1,677</u>	<u>8,069</u>
Net book value at 31st December 2011	<u>5,446</u>	<u>1,000</u>	<u>2,411</u>	<u>8,857</u>

Freehold property includes £2,994,000 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.

Notes forming part of the Group financial statements for the year ended 31 December 2012 (continued)

9. Investments

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

The subsidiary undertakings and joint ventures are as follows:

	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
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 amount to £2,500 per annum.

As of 31 December 2012 the Trust held 1,353,519 (2011 - 1,352,919) ordinary shares of 10p each in the capital of the company (10.46% of the allotted share capital (2011 - 10.46%)). The market value of the shares in the ESOP at 31 December 2012 was £663,244 (2011 - £980,866). 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 2012 or 31 December 2011.

11. Inventories and work in progress

	2012	2011
	£'000	£'000
Raw materials	373	447
Work in progress	5,524	7,347
	<u>5,897</u>	<u>7,794</u>

Raw materials and consumables recognised as an expense in the Income Statement for the year ended 31 December 2012 totalled £21,402,000 (2011 - £38,296,000).

There are no provisions against the value of inventories at the balance sheet date (2011: nil).

No reversal of previous write-downs was recognised as a reduction of expense in 2011 or 2012. None of the inventories are pledged as securities for liabilities.

12. Trade and other receivables

Staff costs during the year including directors:

	2012	2011
	£'000	£'000
Amounts due from structural steel customers:		
- Trade receivables	2,198	3,806
- Retentions due within one year	1,170	1,230
- Retentions due after one year	364	434
Total	<u>3,732</u>	<u>5,470</u>
Other receivables	32	5
Prepayments and accrued income	454	480
	<u>4,218</u>	<u>5,955</u>

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £99,000 (2011: £25,000) has been recorded accordingly.

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

	2012	2011
	£'000	£'000
Balance at 1 January	25	89
Impairment loss	74	3
Impairment loss reversed	-	(67)
Balance at 31 December	<u>99</u>	<u>25</u>

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

	2012	2011
	£'000	£'000
Not more than three months	261	491
More than three months but not more than six months	236	136
More than six months but not more than one year	87	52
	<u>584</u>	<u>679</u>

13. Trade and other payables

	2012	2011
	£'000	£'000
Trade payables	6,474	10,214
Social security and other taxes	687	1,553
Other payables	203	230
Accruals	382	317
	<u>7,746</u>	<u>12,314</u>

14. Long term borrowings

	2012	2011
	£'000	£'000
Property loans (note 15)	413	462
	<u>413</u>	<u>462</u>

Notes forming part of the Group financial statements for the year ended 31 December 2012 (continued)

15. Property loans

	<u>2012</u> £'000	<u>2011</u> £'000
Loans at commercial rates -		
due within one year	45	49
repayable within ten years	368	413
	<u>413</u>	<u>462</u>
Aggregate amounts repayable -		
within one year	45	49
between one and two years	368	45
between two and five years	-	368
over five years	-	-
	<u>413</u>	<u>462</u>

The bank loan is secured by way of first legal mortgage over certain freehold properties of the group. The loan is for a three year term and interest is payable at 3.25% 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 23% (2011-24%).

	<u>2012</u> £'000	<u>2011</u> £'000
Deferred tax asset recognised in income statement		
At 1st January	888	424
Credited in the year	82	464
At 31st December	<u>970</u>	<u>888</u>
Accelerated capital allowances	343	304
Other temporary differences	57	72
Tax losses carried forward	570	512
	<u>970</u>	<u>888</u>
Deferred tax asset recognised in other comprehensive income		
Pension surplus	<u>(92)</u>	<u>(78)</u>
Total deferred tax asset	<u>878</u>	<u>810</u>

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

Movements on the deferred tax asset relating to the pension deficit (see note 21) 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 22% by 1 April 2014. Accordingly, deferred tax balances have been calculated at the rate substantially enacted at the balance sheet date.

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.

Fair value of financial instruments

There is no material difference between the book and fair value of financial instruments.

Monetary assets and liabilities denominated in a foreign currency

Monetary assets and liabilities denominated in a foreign currency

All monetary assets and liabilities are denominated in Sterling.

Liquidity risk

As at 31 December 2012 the Group's financial liabilities have contractual maturities which are summarised below:

31 December 2012	Current within	Current six to	Between one
	six months	twelve months	and three
	£'000	£'000	years
			£'000
Trade payables	6,474	-	-
Other payables	203	-	-
Accruals	382	-	-
Property loans	23	22	368
	<u>7,082</u>	<u>22</u>	<u>368</u>

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

31 December 2011	Current within	Current six to	Between one
	six months	twelve months	and three
	£'000	£'000	years
			£'000
Trade payables	10,214	-	-
Other payables	230	-	-
Accruals	317	-	-
Property loans	24	25	413

Notes forming part of the Group financial statements for the year ended 31 December 2012 (continued)

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.

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Trade and other receivables (excluding prepayments and accrued income)	3,764	5,475
Cash and cash equivalents	1,012	1,839
	<u>4,776</u>	<u>7,314</u>

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

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

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

Sensitivity analysis

As at 31 December 2012 the Group had no overdraft and only a loan relating to a property purchased in the previous year. The Group's management consider that the Group had sufficient bank facilities in place. The Structural Steel segment trades only in the United Kingdom.

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 2012 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 2013 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

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Current assets		
Trade and other receivables (excluding prepayments and accrued income)	3,764	5,475
Cash and cash equivalents	1,012	1,839
Loans and receivables	<u>4,776</u>	<u>7,314</u>

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Current liabilities		
Trade payables	6,474	10,214
Other payables	203	230
Accruals	382	317
	7,059	10,761
Property loans	413	462
Financial liabilities measured at amortised cost	<u>7,472</u>	<u>11,223</u>
Net financial liabilities	<u>(2,696)</u>	<u>(3,909)</u>

17. Financial instruments (continued)

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

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Property, plant and equipment	8,069	8,857
Inventories and work in progress	5,897	7,794
Prepayments and accrued income	454	480
Deferred tax assets	878	810
Pension assets	384	327
Social security and other taxes	(687)	(1,553)
Current tax (payable)/receivable	-	(9)
	<u>14,995</u>	<u>16,706</u>
Total Equity	<u>12,299</u>	<u>12,797</u>

18. Called up share capital

Equity	2012		2011	
	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	12,860,629	1,286	12,860,519	1,286
"A" ordinary shares of 10p each	73,698	7	73,808	7
	<u>12,934,327</u>	<u>1,293</u>	<u>12,934,327</u>	<u>1,293</u>

During the year 110 "A" ordinary shares were converted into ordinary shares (2011 - nil).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2012 and treasury shares held by the ESOP are given in note 10.



Notes forming part of the Group financial statements for the year ended 31 December 2012 (continued)

19. Ultimate controlling related party

The Group is required to disclose its ultimate controlling related party. It is considered that on 31 December 2012 Gutenga Investments PCC Limited was the Group's ultimate controlling related party by virtue of its substantial minority shareholding. Mr P.K. Hems was a director of Gutenga Investments PCC Limited during the year.

	2012		2011	
	Other £'000	Land & buildings £'000	Other £'000	Land & buildings £'000
Within the Group commitments to operating lease payments are as follows:				
Total lease payments				
within one year	187	94	153	94
between one and five years	317	324	187	324
over five years	-	243	-	324
	504	661	340	742

The Group leases certain premises under operating leases which expire between 2013 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 £429,000 (2011 - £443,000).

Defined contribution schemes accounted for £262,000 (2011 - £334,000) of this amount with £167,000 (2011 - £109,000) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

The pension costs relating to the defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the Group's pension scheme was carried out as at 31 March 2011 (approved 18 June 2012).

The Group expects to contribute approximately £106,000 to its defined benefit pension schemes in the year ending 31 December 2013. For closed schemes and those in which the age profile of the active membership is rising significantly, under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

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.

21. Retirement benefits (continued)

The principal actuarial assumptions adopted were:

	2012	2011	2010
	%	%	%
Rate of increase in pensionable salaries	3.8	3.5	3.9
Rate of increase in pensions in payment	3.0	3.0	3.4
Discount rate	4.5	4.6	5.4
Inflation assumption	3.0	3.0	3.4

The mortality assumption adopted for the purposes of the calculations as at 31 December 2012 is as follows:

- Base table: S1PA tables, year of birth

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

Average life expectancies - Billington Scheme

	2012	2011
	%	%
Male retiring at reporting date at age 62 (in years)	24.9	24.7
Male retiring at reporting date +20 years at age 62 (in years)	28.0	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.

The assets of the schemes and the expected rate of return were:

	Long-term rate of return expected 31 December			Value at 31 December		
	2012	2011	2010	2012	2011	2010
	%	%	%	£'000	£'000	£'000
Equities	5.4	6.1	7.8	4,545	4,563	3,574
Bonds	3.7	3.8	5.0	1,400	1,227	1,704
Other	1.0	1.0	1.0	80	64	220
Total market value of assets				6,025	5,854	5,498
Present value of scheme liabilities				(5,641)	(5,527)	(5,127)
Surplus in the scheme				384	327	371
Related deferred tax liability				(92)	(78)	(104)
Net pension asset				292	249	267

The expected return on assets is a weighted average of the individual asset categories and their expected rates of return, which are determined by consideration of historical experience and current market factors. The rates of return assumed at 31 December 2012 were 5.4% pa on equities, 3.7% pa on bonds, 1.0% pa on other assets (2011: 6.1%, 3.8%, 1.0% pa respectively). Increases in pensions in payment in respect of service after 5 April 1997, and deferred pensions subject to statutory revaluation, have been assumed to increase in line with future price inflation, restricted to various maxima where applicable.

Notes forming part of the Group financial statements for the year ended 31 December 2012 (continued)

21. Retirement benefits (continued)

Analysis of amount charged to operating profit in respect of defined benefit schemes:

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Current service cost	-	23
Loss on curtailments	-	84
Total operating charge	<u>-</u>	<u>107</u>

Movement in surplus during the year:

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Surplus in scheme at the beginning of the year	327	371
Movement		
Current service cost	-	(23)
Contributions	167	109
Other finance income	-	88
Actuarial loss	(110)	(134)
Loss on curtailments	-	(84)
Surplus in scheme at the end of the year	<u>384</u>	<u>327</u>

Analysis of the amount charged to other finance income:

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Expected return on pension scheme assets	248	365
Interest on pension scheme liabilities	(248)	(277)
Net income	<u>-</u>	<u>88</u>

Analysis of amount recognised in statement of comprehensive income:

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Actual return less expected return on pension scheme assets	108	(29)
Experience gains and losses arising on the scheme liabilities	2	205
Changes in assumptions underlying the present value of the scheme liabilities	(220)	(310)
Actuarial loss recognised in statement of comprehensive income	<u>(110)</u>	<u>(134)</u>

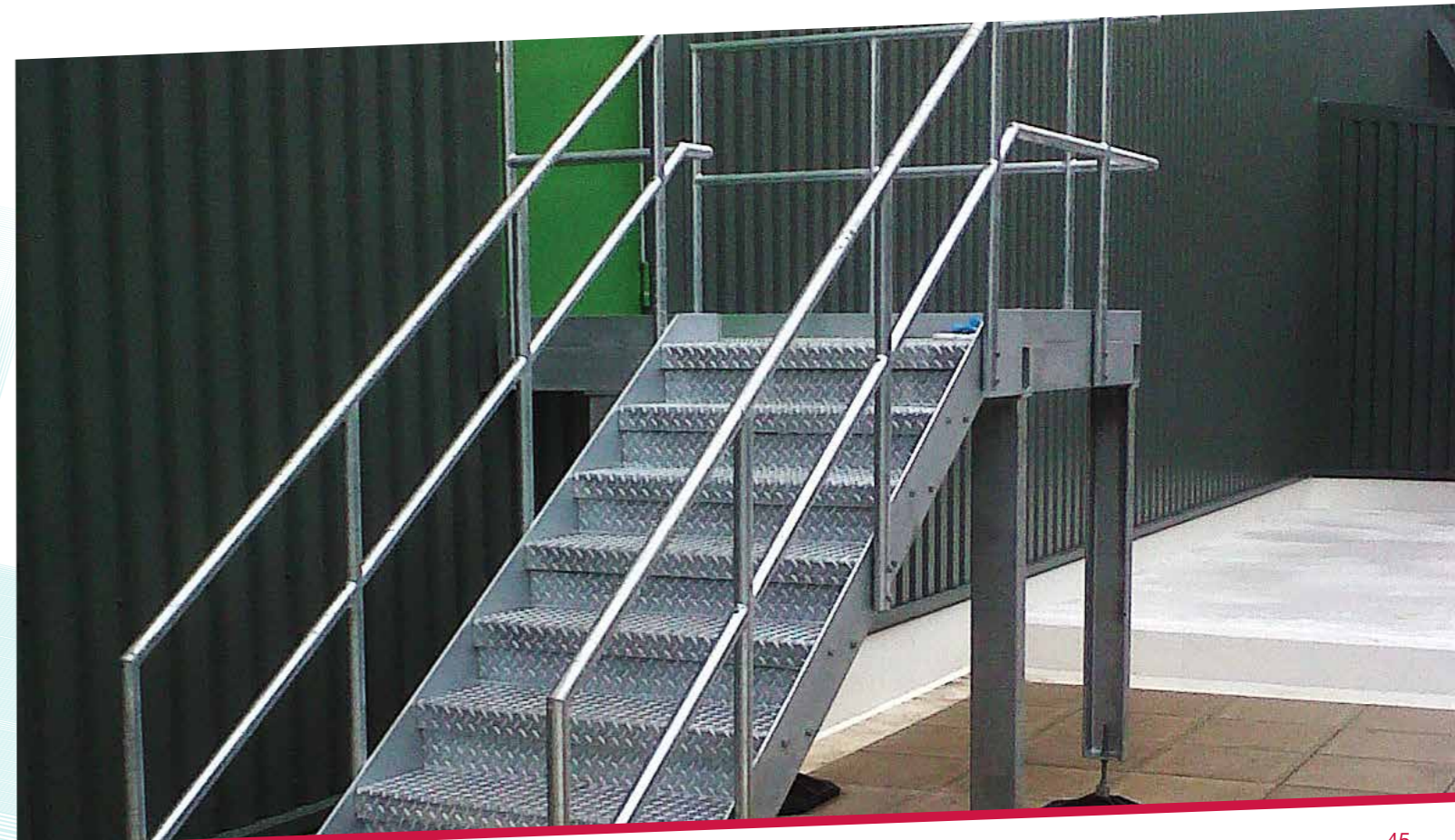
21. Retirement benefits (continued)

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

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
At 1 January	5,854	5,498
Expected return on assets	248	365
Actuarial gain/(loss)	108	(29)
Contributions	167	109
Benefits paid	(352)	(89)
At 31 December	<u>6,025</u>	<u>5,854</u>

Movement in the defined benefit obligation during the year was as follows:

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
At 1 January	(5,527)	(5,127)
Current service cost	-	(23)
Interest cost	(248)	(277)
Actuarial loss	(218)	(105)
Benefits paid	352	89
Loss on curtailments	-	(84)
At 31 December	<u>(5,641)</u>	<u>(5,527)</u>



Notes forming part of the Group financial statements for the year ended 31 December 2012 (continued)

21. Retirement benefits (continued)

History of experience gains and losses has been:

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Total scheme assets	6,025	5,854	5,498	4,619	36,005
Total scheme liabilities	5,641	5,527	5,127	4,778	43,088
Net surplus/(deficit)	384	327	371	(159)	(7,083)

Difference between the actual and expected return on scheme assets:

Amount (£'000)	108	(29)	388	3,546	(8,734)
Percentage of scheme assets	2%	0%	7%	8%	26%

Experience gains and losses arising on the scheme liabilities:

Amount (£'000)	2	205	7	49	(18)
Percentage of the present value of the scheme liabilities	0%	4%	0%	0%	1%

Total actuarial (loss)/gain recognised in the consolidated statement of comprehensive income:

Amount (£'000)	(110)	(134)	172	(1,470)	(1,994)
Percentage of present value of scheme liabilities	2%	2%	3%	3%	4%

The actual return on the scheme assets for the year ended 31 December 2012 was £356,000 (2011: £336,000). The cumulative actuarial loss recognised in the consolidated statement of comprehensive income from 1 January 2006 (being the transition date to the adoption of IFRS) is £613,000 (2011 - £503,000). The difference between the expected and actual return on the schemes' assets is due to recent market performance. The positive effect of changes in demographic and financial assumptions underlying the present value of the schemes' liabilities is due largely to the change in the discount rate assumption.

22. Related party transactions

During the year the Group had one common director with Tolent PLC, Mr P.K. Hems. The Group has in the past undertaken normal arms length trading activities with related undertakings of Tolent PLC. Revenue amounting to £1,230,106 (2011 - £967,365) at normal market rates is in respect of Tolent PLC related undertakings. A balance of £20,904 (2011 - £183,799) was outstanding at the year end.



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 1st 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 2012 were as follows:

	£'000
Share of revenue	65
Share of profit before taxation	-
Share of profit after taxation	-
Share of current assets	3
Share of liabilities due within one year	(3)

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

	Cash and cash equivalents	Property loans	Net cash
	£'000	£'000	£'000
At 1 January 2011	4,854	-	4,854
Cash flow	(3,015)	(462)	(3,477)
At 31 December 2011	1,839	(462)	1,377
Cash flow	(827)	49	(778)
At 31 December 2012	1,012	(413)	599

We have audited the parent company financial statements of Billington Holdings plc for the year ended 31 December 2012 which comprise the parent company balance sheet, the statement of accounting policies and notes 1 to 19. 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).

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 statement of directors' responsibilities set out on page 14, 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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012;
- 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 report of the directors 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 2012.



John Bowler

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands
18 March 2013

	Note	2012		2011	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	5		6,412		6,497
Investments	6		1,300		1,050
			7,712		7,547
Current assets					
Debtors falling due within one year	8	239		365	
Cash at bank and in hand		824		745	
		1,063		1,110	
Creditors: amounts falling due within one year	9	(719)		(845)	
Net current assets			765		838
Total assets less current liabilities			8,056		7,812
Creditors: amounts falling due after more than one year	10		(368)		(413)
			7,688		7,399
Capital and reserves					
Called up share capital	12		1,293		1,293
Share premium	13		1,864		1,864
Capital redemption reserve	13		132		132
Other reserve	13		(909)		(909)
Profit and loss account	13		5,308		5,019
Shareholders' funds	14		7,688		7,399

The parent company financial statements were approved by the Board of Directors on 18 March 2013.



P.K. HEMS Chairman



T.M. TAYLOR Financial Director

The statement of accounting policies and notes 1 to 19 form part of these parent company financial statements.

These parent company financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention.

On the basis of budgets and cash flow forecasts for at least 12 months from the date of signing these financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and as such they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies represent the most appropriate policies in accordance with FRS 18 and have remained unchanged from the previous year.

(a) Tangible fixed assets and depreciation

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

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

Buildings	2%
Plant and equipment	5% to 33.3%

(b) Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured, on an undiscounted basis, using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(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) 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. FRS 26 has not been adopted.

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

(f) Leased assets

All leases are operating leases and the annual rentals are charged wholly to the profit and loss account.

Notes forming part of the parent company financial statements for the year ended 31 December 2012

1. Profit on ordinary activities is stated after:

	<u>2012</u>	<u>2011</u>
	£'000	£'000
Depreciation	85	81
Fees payable to the company's auditor for the audit of the company's annual accounts	28	24
Fees payable to the company's auditor and its associates for other services:		
corporate finance	-	5
tax services	10	10
other services	2	4
Operating lease charges	18	11

2. Directors and employees

	<u>2012</u>	<u>2011</u>
	£'000	£'000
Staff costs during the year including directors:		
Wages and salaries	460	395
Social security	61	55
Pension costs	22	43
	<u>543</u>	<u>493</u>

The average number of employees of the company during the year was 5 (2011 - 5).

Remuneration in respect of directors was as follows:

	<u>2012</u>	<u>2011</u>
	£'000	£'000
Aggregate emoluments	383	400
Company pension contributions to a defined contribution scheme	18	53

During the year no directors (2011 - no directors) participated in defined benefit pension schemes and two directors (2011 - three directors) participated in a defined contribution pension scheme.

During the year no directors (2011 - no directors) exercised share options.

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

	<u>2012</u>	<u>2011</u>
	£'000	£'000
Aggregate emoluments	196	173
Company pension contributions to a defined contribution scheme	8	34

Notes forming part of the parent company financial statements for the year ended 31 December 2012 (continued)



3. Dividends

No final dividend has been proposed in respect of 2012 or 2011.

4. 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 profit on ordinary activities after taxation of the company for the year was £289,000 (2011: profit of £145,000).

5. Tangible fixed assets

	Land & buildings £'000	Plant & equipment £'000	Total £'000
Cost			
At 1 January 2012 and 31 December 2012	6,541	422	6,963
Depreciation			
At 1 January 2012	172	294	466
Charge for year	54	31	85
At 31 December 2012	226	325	551
Net book value at 31 December 2012	6,315	97	6,412
Net book value at 31 December 2011	6,369	128	6,497

Included within land and buildings above is land with a value of £2,994,000 inclusive of leasehold land of £1,000,000.

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

6. Investments

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2012	550	500	1,050
Movement in year	-	250	250
At 31st December 2012	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.

7. Employee Share Ownership Plan

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

8. Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	168	314
Other debtors	32	1
Prepayments and accrued income	27	38
Deferred tax asset	12	12
	239	365



Notes forming part of the parent company financial statements for the year ended 31 December 2012 (continued)

9. Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Bank loans and overdrafts	45	49
Trade creditors	358	437
Amounts owing to group undertakings	101	81
Social security and other taxes	23	56
Accruals and deferred income	192	213
Current taxation	-	9
	<u>719</u>	<u>845</u>

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

	2012	2011
	£'000	£'000
Bank loans	368	413
Analysis of loans		
Included in current liabilities	(45)	(49)
Wholly repayable within five years	413	462
	<u>368</u>	<u>413</u>
Loan maturity analysis		
In more than two years but not more than five years	368	413

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

11. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 24% (2011 - 25%).

	2012	2011
	£'000	£'000
Accelerated capital allowances	12	12

The recoverability of the deferred tax asset is dependent on future Group taxable profits.

12. Called up share capital Equity

	2012		2011	
	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	12,860,629	1,286	12,860,519	1,286
"A" ordinary shares of 10p each	73,698	7	73,808	7
	<u>12,934,327</u>	<u>1,293</u>	<u>12,934,327</u>	<u>1,293</u>

During the year 110 "A" ordinary shares were converted into ordinary shares (2011 - nil).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2012 and treasury shares held by the ESOP are given in note 11 of the Group financial statements.

13. Reserves

	Share premium account	Capital redemption reserve	Other reserve - ESOP	Profit and loss account
	£'000	£'000	£'000	£'000
At 1 January 2012	1,864	132	(909)	5,019
Profit for the year	-	-	-	289
At 31 December 2012	<u>1,864</u>	<u>132</u>	<u>(909)</u>	<u>5,308</u>

The profit and loss account includes non-distributable reserves of £1,371,000 (2011 - £1,381,000) relating to the consolidated reserves of the ESOP.

14. Reconciliation of movements in shareholders' funds

	2012	2011
	£'000	£'000
Profit for financial year	289	145
ESOP movement in year	-	(7)
Net increase in shareholders' funds	289	138
Shareholders' funds at 1 January 2012	7,399	7,261
Shareholders' funds at 31 December 2012	<u>7,688</u>	<u>7,399</u>

Financial Statements

Notes forming part of the parent company financial statements for the year ended 31 December 2012 (continued)

15. Ultimate controlling related party

In accordance with FRS 8 the company is required to disclose its ultimate controlling related party. It is considered that on 31 December 2012 Gutenga Investments PCC Limited was the Group's ultimate controlling related party by virtue of its substantial minority shareholding. P K Hems was a director of Gutenga Investments PCC Limited during the year.

16. Operating lease obligations

2012		2011	
Land & buildings	Other	Land & buildings	Other
£'000	£'000	£'000	£'000
Commitments to operating lease payments within one year are as follows:			
In respect of leases expiring			
between one and five years	- 16	- 11	
	- 16	- 11	

17. 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 £22,000 (2011 - £43,000).

Defined contribution schemes accounted for £22,000 (2011 - £43,000) of this amount with £nil (2011 - £nil) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

The pension costs relating to the defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the pension schemes were carried out as at 27 November 2008. Further details of the actuarial valuation of the group scheme may be found in the consolidated financial statements of Billington Holdings plc.

18. Related party transactions

During the year the company had one common director with Tolent PLC, Mr P.K. Hems. There have been no transactions between the two entities in the current period (2011: £nil).

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

19. Contingent liabilities

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

