

**and Report
and Financial
Statements
Year ended
31 December 2013**



Chairman's
statement
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► **Chairman's statement**

Introduction

I am pleased to report that the full year results for Billington for 2013 show a considerable improvement against the previous year and, after adjusting for redundancy and reorganisation costs, are significantly ahead of the original market expectations set at the start of the 2013 financial year.

There were redundancy costs incurred in 2013 of £0.2 million, mainly as a result of further management changes across the Group. The restructuring activities that have prevailed across the Group over the last three years are believed to be materially complete and all Group businesses are now appropriately positioned in order to take advantage of improving market conditions.

The easi-edge safety barrier division has made steady progress during the year. It has expanded its range of fixings in an attempt to widen its appeal to the concrete sector and thus expand its market. This has had some limited success and there has also been a steady recovery in demand from customers in the traditional steel and timber markets. The new management team that was installed in 2012 has performed well in terms of improving systems and generating a substantially improved contribution in 2013.

The hoard-it division, which produces a range of sustainable hoardings, has continued to make steady progress. The new management team started at the beginning of 2013 and one of its main activities continues to be improving market awareness for hoard-it's products. The conversion rate achieved on enquiries is good, but there remains a need to improve the level of enquiries through additional sales and marketing activities to allow the customer base to be further expanded. The division has moved towards a mix of hire and sale for the product rather than solely concentrating on sales as it did previously which, given the product ranges' sustainable credentials, should leave the division well placed for repeat business.

Results

The profit after tax for the year from continuing operations was £0.5 million on revenue of £37.6 million, compared with a loss of £0.4 million on revenue of £38.2 million in the previous year.

The overall earnings per share for the year amounted to 4.0p compared with a loss of 3.6p in 2012, which represents a very significant turnaround in performance.

Dividend

The Board remains committed to supporting the shareholders with the payment of a dividend when it is prudent to do so. The results show a substantial improvement in trading over the previous year and there is an improvement in the cash position. However, it is envisaged that there will be demands on the cash resource as the Group increases its activity levels. In view of this it is considered to be in the best interests of the Group, for the immediate future, to continue to preserve cash for its working capital requirements. Therefore the Board has decided not to declare a final dividend at this time but remains aware that the payment of a dividend should be reinstated at the earliest opportunity.

Liquidity and capital resources

There has been a net inflow of cash during the year of £1.6 million, principally from an improvement in trading activities, which has resulted in an improved cash position at the year end. Cash flow is the lifeblood of any business and cash management will continue to play a particularly important role in this financial year as activity levels increase. The requirement to fund higher levels of work in progress and debtors and to manage the expectations of suppliers will require careful management, as will the need to ensure that funds are set aside for replacement and improvement of capital equipment to maintain and improve the quality of output. The Group had cash balances of £2.6 million at 31 December 2013, which together with the bank overdraft facilities will provide adequate funds to cover the projected working capital requirements of the Company.

Prospects

The results achieved in 2013 are a result of the hard work and difficult decisions taken by the executive management team in the last few years and represent a steady improvement over the course of the year. The current level and quality of enquiries show an improvement against this time last year. However, there is a concern over the impact that higher raw material and labour costs, as well as increasing overhead costs, might have on what still remains a fragile market.

There is no doubt the market will remain challenging in 2014 but management is of the view that we should continue to see further improvement during the course of the year and, as we are starting from a much healthier position than twelve months ago, this will translate into a further improvement in profitability

Shareholders

I would like to welcome Henderson Global Investors as a shareholder of the Billington Group who acquired 1 million shares (7.73%) on 20 January 2014.

Our major shareholders have indicated that they remain fully supportive of the Group.

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. 2013 was a challenging but highly productive year for the Group and the progress Billington has made recently enables me to look to the future with enhanced, albeit still cautious, optimism.

Peter Hems
Non Executive
Chairman
24 March 2014



Peter Hems

**Operational
review**



▶ **Operational review**

Market conditions for the UK construction industry began to steadily improve throughout the second half of 2013. Although the first half of the year remained difficult, the market began to show signs of improvement during the second half of the year, albeit from an extremely low position. The year saw further reductions in fabrication capacity as some smaller competitors exited the industry in addition to the notable, rapid failure of a top five ranked steelwork contractor. As can be clearly seen from this report, significant improvements were achieved on our mission to return to profitability and sustain the business for the benefit of our stakeholders.

Health, Safety, Sustainability, Quality and the Environment

As always, a clear focus on health, safety, sustainability, quality and the environment remained the cornerstone of our businesses. We remained actively involved at local and national level on a variety of initiatives and our onsite teams were awarded numerous accolades for their proactive health and safety practices.

During the period an increasing recognition by our customer base of our readiness to comply with the statutory requirements of CE marking of structural steelwork in 2014 began to differentiate Billington from its competition. CE marking, which confirms a product's compliance with EU legislation, becomes compulsory in July 2014 and Billington was one of the first structural steel firms in the UK to comply with the introduction of this new legislation.

Billington Structures Limited

Added complexity of product reduced our overall production levels from previous years to 13,000 tonnes of structural steel which was efficiently fabricated on a single shift basis from our factories in Barnsley and Bristol during 2013.

Major projects included:

- The completion of Derby multi sports arena.
- Distribution warehouses in the Midlands and Glasgow.
- Complex secondary steelwork to a project in Northern Europe, the division's first international project.
- Wakefield East Coast Main Line railway station and footbridge.

Billington Structures starts 2014 with its strongest order book for five years. Projects secured include a major exhibition hall in Liverpool, several energy from waste developments across the UK, sports centres in London, retail projects in Cornwall, Rotherham and Liverpool and a large data centre in the South of England.

Tubecon

Tubecon continues to seek new opportunities, but the market for complex steelwork has been somewhat commoditised in recent times. However, as the general market improves we look forward to a return of industry acceptance of added value in tubular structures.

Major projects include:

- A roof garden structure to a new office block in the heart of The City of London.
- Atrium roofs to Glasgow's new hospital.

▶ **Operational review continued**

easi-edge Limited

2013 saw a steady improvement in product utilisation and an expanded sales team delivering a corresponding increase in enquiries. Further enhancements were made to our timber fix products and, working in partnership with a major national contractor, a specialised concrete fix solution was developed.

Major projects included:

- Multi-storey office on Cheapside, London.
- 2 Glass Wharf, Bristol.
- CB1 Student Accommodation, Cambridge.
- Keynsham Town Hall, Bath.
- Aberdeen International Business Park, Scotland.

12 new customers were added during the year as a result of a focus on new business development. Improvements were also seen in regional activity, with increases in business from Scotland, the South West, Greater London and the South East.

hoard-it division

2013 saw a period of stability and further development of its customer base with the appointment of a sales manager. Further technical improvements were made to our products and more detailed market research was carried out. Due to the increasing demands from our customer temporary works engineers, work was undertaken to substantiate the stability of our system, including the use of computational fluid dynamics analysis. As testament to the stability of our products, we experienced no failures in the high winds experienced during the winter of 2013.

Major projects included:

- Manchester City FC stadium development.
- Manchester Town Hall redevelopment.
- Internal hoardings Heathrow.
- Leicester markets development.
- School projects in Coventry, Littlehampton, Ilford and Lincoln.

Peter Marshall Steel Stairs Limited

The improvements in both management and procedures we anticipated during 2013 failed to materialise at Peter Marshall Steel Stairs. The team was reorganised mid-year and augmented by estimators and engineers from Billington Structures. The team relocated to our Wombwell HQ, leaving the facility at Gildersome as a production unit. It is planned to return to our Gildersome factory site in April 2014 under a new and metalwork experienced general manager.

We now anticipate achieving the required CE marking standards by mid 2014.

Some notable projects have included:

- Staircases for B SkyB office, London.
- Multi site staircases for the MOD project SLAM contracts.
- Porsche showroom, Knightsbridge, London.
- Exxon Mobil offices, London.
- Energy from waste projects in Staffordshire and Lincolnshire.

We start 2014 with the strongest order book that we have seen since we acquired Peter Marshall Steel Stairs and now look forward to keeping the recently created momentum going.

People

As always I would like to take the opportunity of thanking all of our employees, my fellow board members and wider stakeholders for their continuing support in what appears to be an improving but still challenging environment.

Conclusion

Pleasingly, the ongoing journey towards our corporate mission of 'Stability and return to profitability' was partially achieved, with a significant financial improvement demonstrated. However, some of the changes in the structure of our senior staff were disappointing and materially affected performance in our Peter Marshall Steel Stairs subsidiary.

We have continued to recruit and train at all levels, including key shop floor apprentices. Our talent pool was further focussed during 2013 by the creation of a Twenty20 group. This small group allows us to recognise, train and develop the potential of individuals, in order that they may aspire to a senior management position by the year 2020 at the latest. It is worth noting that the construction industry has lost a great deal of talent through the recession. Inevitably as improvements now begin, we the industry, in its widest sense, are seeing increasing HR pressures. To further strengthen our management team, the process of identifying candidates and recruiting a Group Chief Operating Officer and, at Billington Structures, a Technical Director has commenced.

On a further cautious note the economy, and the construction sector in particular, is emerging from such a low and still fragile position that rebuilding our industry profit aspirations to the pre-recession levels we enjoyed may still be some two to three years away.

After five years of extraordinarily difficult trading environments, towards the end of 2013 the specialised sectors in which we operate, began to show tentative signs of recovery, as demonstrated by enhanced client optimism and an increase in tender opportunities.

Capitalising on our respective individual and collective strengths of quality, integrity, customer service and not least of all our financial strength, we are increasingly in a better shape to enter the next positive phase of our development as a Group. Finally, I look forward to working with my colleagues and clients to continue further developing our great businesses in 2014.

Steve Fareham
Chief Executive
24 March 2014



Steve Fareham

Financial review



► **Financial review**

Consolidated Income Statement

	2013	2012
	£'000	£'000
Revenue	37,571	38,171
Operating profit/(loss)	737	(438)
Profit/(loss) before tax	720	(455)
Profit/(loss) after tax	464	(415)
Profit/(loss) before tax excluding redundancy costs	929	(133)
Profit/(loss) for shareholders	464	(415)
Earnings/(loss) per share	4.0p	(3.6)p

The results for the year continue to show progressive and sustained improvement over the last three years as a result of the restructuring of the businesses in late 2011 and early 2012 along with a somewhat improved economic environment.

Revenue remained consistent with the prior period primarily as a result of the Billington Structures' business continuing to operate on a single shift operation at its plants in Barnsley and Bristol and a conscious effort to target value added work as opposed to production volumes. Demand for structural steel in 2013 still remained at relatively depressed levels, although the second half of the year did see production volumes increase as a degree of cautious optimism returned to the sector.

Operating margins (after redundancy costs) improved to 2.0 per cent, against (1.1) per cent in 2012.

Earnings per share improved from a loss of 3.6p in 2012 to a profit of 4.0p in 2013.

Redundancy costs of £209,000 were expended in the year, primarily as a result of the restructuring at the Peter Marshall Steel Stairs' business which materially completed the Group's anticipated restructuring activities. 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

	2013	2012
	£'000	£'000
Non current assets	8,903	9,331
Current assets	14,902	11,127
Current liabilities	10,919	7,791
Non current liabilities	-	368
Total equity	12,886	12,299

Capital expenditure has been kept to a minimum where possible; the total amount expended in the year was £449,000 against £347,000 in 2012. The requirement to upgrade units of capital machinery within the Billington Structures business, along with a continual requirement to replace the hire stock of the safety barrier business, will see capital expenditure increase over the next few years as confidence returns to the market and the return on capital expenditure can be assessed and realised with more certainty.

► **Financial review continued**

Within non current assets, property, plant and equipment decreased by £440,000, and deferred tax assets decreased by £257,000. Capital expenditure of £449,000 was incurred in the year with net disposals being £32,000 and depreciation was charged in the year of £857,000. The balance of the movement is as a result of a surplus on the defined benefit pension scheme, to which the surplus increased £269,000 in the year.

The increase of £3,775,000 in current assets included increases of £2,018,000 in inventories, £193,000 in trade and other receivables and £1,564,000 in cash.

The total rise of £3,128,000 in current liabilities principally comprised an increase in trade and other payables as the businesses enjoyed an improvement in workflow towards the latter part of the year.

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 current liabilities with repayments made against the balance in the year of £45,000.

Total equity increased by £587,000 in the year to £12,886,000 which is particularly encouraging following a protracted period of market depression the businesses have been trading within. 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 and build upon the significant progress made to date.

Consolidated Cash Flow Statement

	2013	2012
	£'000	£'000
Result for shareholders	464	(415)
Depreciation	857	1,080
Capital expenditure	(449)	(347)
Tax	-	(10)
Decrease/(increase) in working capital	555	(934)
Dividends	-	-
Net property loan movement	(45)	(49)
Others	182	(152)
Net cash outflow	1,564	(827)
Cash at beginning of year	1,012	1,839
Cash at end of year	2,576	1,012

The primary factors underlying the net cash inflow in the year were capital expenditure being significantly lower than that of the associated depreciation charge in the year and significant effort being exerted across the Group to collect cash on a timely basis and in line with agreed credit terms with customers.

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

Working capital was as shown below:

	2013	2012
	£'000	£'000
Inventories	7,915	5,897
Accounts receivable	4,411	4,218
Accounts payable	(10,512)	(7,746)
Working capital at end of year	1,814	4,854

Cash balances at the year-end totalled £2,576,000 and there was a property loan outstanding of £368,000. It is pleasing to note the overall improvement in the cash position of the Group as compared to the prior period end. Improved trading performance combined with effective working capital management will ensure that cash balances are maintained and improved.

It is inevitable that as business volumes increase there will be added pressure on cash management although the combination of strong financial controls and adequate, agreed banking facilities will ensure that the Group has sufficient headroom for cash not to impede future growth and progression.

Pension Scheme

	2013 £'000	2012 £'000
Scheme assets	6,422	6,025
Scheme liabilities	(5,769)	(5,641)
Surplus	653	384
Contributions to defined benefit scheme	106	167

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
Finance Director
24 March 2014



**Financial
Statements
2013**

Directors

- P.K. Hems** Non Executive Chairman
- S.G.T. Fareham** Chief Executive
- T.M. Taylor** Finance Director
- J.S. Gordon** Non Executive Director
- Dr. A. Ospelt** Non Executive Director (appointed 1 January 2013)

Secretary

L.S. Holloway

Auditors

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Regent House
80 Regent Road
Leicester
LE1 7NH

Registered Office

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

**Registrar and Main
Transfer Office**

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

**Nominated Advisor
and Broker**

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

Bankers

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

Solicitors

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

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▶ Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

1. Results and dividends

The consolidated income statement is set out on page 19 and shows the result for the year.

No final dividend in respect of 2012 was paid, nor were any interim dividends paid during 2013. The directors do not recommend the payment of a final dividend in respect of 2013.

2. Financial risk management objectives and policies

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

Foreign currency risk

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

Interest rate risk

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

Liquidity risk

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

Credit risk

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

▶ Report of the directors for the year ended 31 December 2013 (continued)

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 P.K. Hems and Mr T.M. Taylor retire and offer themselves for re-election.

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

	Billington Holdings Plc ordinary 10p shares			
	31 December 2013		1 January 2013	
	Shares	Options	Shares	Options
P.K. Hems	15,000	-	15,000	-
S.G.T. Fareham	17,000	-	14,000	-
T.M. Taylor	1,000	-	-	-
J.S. Gordon	356,667	-	356,667	-
Dr. A. Ospelt	-	-	-	-

4. Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and have elected to prepare parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws).

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.



**▶ Report of the directors for the
year ended 31 December 2013
(continued)**

4. Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that

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

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

5. Going concern

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

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

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

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

**▶ Report of the directors for the year ended 31 December 2013
(continued)**

6. Auditor

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

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

Les Holloway
Secretary
24 March 2014



Les Holloway

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

1. Business review

The business model of the Group is to operate as a designer, manufacturer and installer of structural steelwork through its subsidiaries Billington Structures Limited and Peter Marshall Steel Stairs Limited, and as a supplier of safety solutions and barrier systems to the construction industry, through its subsidiary easi-edge Limited. The parent Company acts as a holding company providing management services to its subsidiaries.

On a Group basis the business review and future prospects for the business are contained within the Operational Review and Financial Review (see pages 3 to 10), including an analysis using financial key financial and non-financial performance indicators.

2. Key non-financial performance indicators

	2013 £'000	2012 £'000
Production efficiency	100%	101%
Hire stock utilisation	73%	65%
Accidents (own employees) - reportable	1	-
Employee numbers	284	289
Apprentice intake	5	1
Staff turnover (excluding restructuring)	8%	6%

3. Principal Risks and Uncertainties

Contract risk

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

Health and safety

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

Economic environment

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



Credit risk

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

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

4. Disabled persons

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

5. Employee involvement

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

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

Les Holloway
Secretary
24 March 2014



Les Holloway

Independent auditor's report

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

We have audited the Group financial statements of Billington Holdings plc for the year ended 31 December 2013 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 11, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/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 2013 and of its profit 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 and the Strategic Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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 2013.

Andrew Zito

**John Bowler
Senior Statutory
Auditor**

for and on behalf of Grant
Thomton UK LLP
Statutory Auditor,
Chartered Accountants
East Midlands
24 March 2014

Consolidated income statement for the year ended 31 December 2013

	Note	2013		2012	
		£'000	£'000	£'000	£'000
Revenue	2		37,571		38,171
Increase/(decrease) in work in progress			1,833		(1,824)
			<u>39,404</u>		<u>36,347</u>
Raw materials and consumables		22,988		21,402	
Other external charges		3,058		2,946	
Staff costs	3	10,182		10,027	
Redundancy	3	209		322	
Depreciation	2	857		1,080	
Other operating charges		1,373		1,008	
			<u>(38,667)</u>		<u>(36,785)</u>
Group operating profit/(loss)			737		(438)
Share of post tax profit in joint ventures	23		-		-
Total operating profit/(loss)			<u>737</u>		<u>(438)</u>
Net finance cost	4		(17)		(17)
Profit/(loss) before tax	2		720		(455)
Tax	5		(256)		40
Profit/(loss) for the year			<u>464</u>		<u>(415)</u>
Profit/(loss) for the year attributable to equity holders of the parent company			<u>464</u>		<u>(415)</u>
Earnings/(loss) per share (basic and diluted)	7		<u>4.0 p</u>		<u>(3.6)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 2013

	Note	2013 £'000	2012 £'000
Profit/(loss) for the year		464	(415)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit surplus	21	163	(110)
Movement on deferred tax relating to pension liability	16	(65)	(14)
Current tax relating to pension liability	5	25	41
Other comprehensive income, net of tax		123	(83)
Total comprehensive income for the year attributable to equity holders of the parent company		587	(498)

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

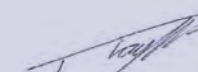
► Consolidated balance sheet as at 31 December 2013

	Note	2013 £'000		2012 £'000	
Assets					
Non current assets					
Property, plant and equipment	8	7,629		8,069	
Pension asset	21	653		384	
Investments in joint ventures	9	-		-	
Deferred tax asset	16	621		878	
Total non current assets		8,903		9,331	
Current assets					
Inventories and work in progress	11	7,915		5,897	
Trade and other receivables	12	4,411		4,218	
Cash and cash equivalents		2,576		1,012	
Total current assets		14,902		11,127	
Total assets		23,805		20,458	
Liabilities					
Current liabilities					
Current portion of long term borrowings	15	368		45	
Trade and other payables	13	10,512		7,746	
Current tax payable		39		-	
Total current liabilities			10,919	7,791	
Non current liabilities					
Long term borrowings	15	-		368	
Total non current liabilities			-	368	
Total liabilities			10,919	8,159	
Net assets			12,886	12,299	
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		10,506		9,919	
Total equity		12,886		12,299	

The Group financial statements were approved by the Board of Directors on 24 March 2014.



Peter Hems Chairman



Trevor Taylor Finance Director

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

► Consolidated statement of changes in equity for the year ended 31 December 2013

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve - ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2012	1,293	1,864	132	(909)	10,417	12,797
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

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve - ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2013	1,293	1,864	132	(909)	9,919	12,299
Transactions with owners						
ESOP movement in year	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
Profit for the financial year	-	-	-	-	464	464
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	163	163
Income tax relating to components of other comprehensive income	-	-	-	-	(40)	(40)
Total comprehensive income for the year	-	-	-	-	587	587
At 31 December 2013	1,293	1,864	132	(909)	10,506	12,886

The Group accumulated profits reserve includes a surplus of £496,000 (2012 - £292,000) 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 2013

Note	2013 £'000	2012 £'000
Cash flows from operating activities		
Group profit/(loss) after tax	464	(415)
Taxation paid	-	(10)
Depreciation on property, plant and equipment	857	1,080
Difference between pension charge and cash contributions	(106)	(167)
Profit on sale of property, plant and equipment	(110)	(28)
Taxation charge/(credit) recognised in income statement	256	(40)
Net finance expense	17	17
(Increase)/decrease in inventories and work in progress	(2,018)	1,897
(Increase)/decrease in trade and other receivables	(193)	1,737
Increase/(decrease) in trade and other payables	2,766	(4,568)
Net cash flow from operating activities	1,933	(497)
Cash flows from investing activities		
Purchase of property, plant and equipment	(449)	(347)
Proceeds from sale of property, plant and equipment	142	83
Net cash flow from investing activities	(307)	(264)
Cash flows from financing activities		
Interest paid	(17)	(17)
Repayment of bank and other loans	(45)	(49)
Net cash flow from financing activities	(62)	(66)
Net increase/(decrease) in cash and cash equivalents	1,564	(827)
Cash and cash equivalents at beginning of period	1,012	1,839
Cash and cash equivalents at end of period	2,576	1,012

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

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 2013.

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

(a) Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after 1 January 2013

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below.

IFRS 13 'Fair Value Measurement' (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

IAS 1 Presentation of Financial Statements

The revision to IAS 1 requires management to group items presented in OCI into those that, in accordance with other IFRSs.

- will not be reclassified subsequently to profit or loss.
- will be reclassified subsequently to profit or loss when specific conditions are met.

Management have reviewed the amendments to IAS 1 and have concluded that all items of other comprehensive income be classified as those that would not be reclassified to profit or loss. The statement of other comprehensive income has been updated accordingly.

Amendments to IAS 19 'Employee Benefits' (IAS 19)

The 2011 amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

IAS 19 has been applied retrospectively in accordance with its transitional provisions. The application of IAS 19 did not have a material impact on comparative periods presented. There has been no restatement of reported results. The cumulative effect as at 1 January 2012 does not require adjustment to opening equity.

The application of IAS 19 did not have a material impact on the statement of cash flows and on the earnings per share for the year ended 31 December 2012 and 31 December 2013.

(b) Basis of consolidation

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

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

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



(c) Revenue

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

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

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

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

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

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

(d) Property, plant and equipment

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

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

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

The rates applicable are:

Freehold and long leasehold property	2% to 4%
Plant and equipment	5% to 33.3%
Motor vehicles	10% to 40%

Impairment testing of property, plant and equipment

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

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

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

(e) Inventories and work in progress

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

Contract work in progress is included in revenue 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.



(f) Taxation

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

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

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

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

(g) Retirement benefits

Defined Contribution pension schemes

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

Defined Benefit pension schemes

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

Actuarial gains and losses are recognised immediately in other comprehensive income. The gross surplus or deficit is presented on the face of the 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.

(h) Leased assets

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

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

(i) Employee Share Ownership Plan

The Group's Employee Share Ownership Plan ("ESOP") is a separately administered trust. The assets of the ESOP comprise shares in the company and cash. The assets, liabilities, income and costs of the ESOP have been included in the consolidated financial statements as the Group exercises control over the ESOP in accordance with the terms of the trust deed. The shares in the Company are included at cost to the ESOP and deducted from equity and dividend income is excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed. When calculating earnings per share these shares are treated as if they were cancelled. No share option charge arises as all share options within the ESOP vested prior to 1 January 2005.

(j) Foreign currencies

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

(k) Joint ventures

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

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

(l) Financial assets

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

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

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

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

(l) Financial assets (continued)

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

(m) Financial liabilities

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

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

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

(n) Cash and cash equivalents

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

(o) Dividends

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

(p) Equity

Equity comprises the following:

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

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

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

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

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

(q) Segmental reporting

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

(r) Standards and interpretations in issue not yet effective

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

IFRS 9 Financial Instruments (no mandatory effective date)

IFRS 10 Consolidated Financial Statements (effective 1 January 2014)

IFRS 11 Joint Arrangements (effective 1 January 2014)

IFRS 12 Disclosure of Interests in other entities (effective 1 January 2014)

IAS 27 (Revised) Separate Financial Statements (effective 1 January 2014)

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

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

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

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

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

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

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

Construction contract revenue

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

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

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

Estimation uncertainty

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

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2013 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 £5,769,000 (2012: £5,641,000) is based on standard rates of inflation and appropriate mortality tables. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

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

(t) Capital management policies and procedures

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

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

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

1. Segmental information

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

2. Revenue and profit/(loss) before tax

Revenue and profit/(loss) before tax are attributable to the Group's continuing operations. During 2013 91%/£34.4 million (2012: 90%/£34.4 million) of revenue was derived from construction contracts. One customer included within the structural steel sector accounted for greater than 10% of the Group's revenue. This contractor accounted for 21% (2012: two contractors with 12% and 23%) of Group revenue.

Analysis of revenue by geographical area based on customer location:

Revenue from structural steel

	2013	2012
	£'000	£'000
United Kingdom	33,789	35,927
Rest of Europe	1,443	-
	<u>35,232</u>	<u>35,927</u>

Sales of services

	2013	2012
	£'000	£'000
United Kingdom	2,339	2,244

Profit/(loss) before tax is stated after:

	2013	2012
	£'000	£'000

An analysis of fees paid to the Group's auditor

Fees payable to the parent company's auditor for the audit of the company's annual accounts	28	28
Fees payable to the company's auditor for other services:		
the audit of the company's subsidiaries	24	22
tax services	5	5
other services	2	2
Depreciation	857	1,080
Profit on disposal of property, plant and equipment	(110)	(28)
Operating lease charges:		
short term hire of plant and machinery	6	7
operating leases - other	250	250
operating leases - property	103	103

► Notes forming part of the Group financial statements for the year ended 31 December 2013 (continued)

3. Directors and employees

Staff costs during the year including directors:

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	8,988	8,822
Social security	947	943
Pension costs	247	262
	<u>10,182</u>	<u>10,027</u>
Redundancy	209	322
	<u>10,391</u>	<u>10,349</u>

The average number of employees of the continuing Group during the year was 284 (2012 - 289).

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

	Salary and		Pension	Total	2012 Total
	Fees	Other Emoluments			
	£'000	£'000	£'000	£'000	£'000
Executive					
S.G.T. Fareham	189	64	-	253	204
T.M. Taylor	78	34	16	128	83
Non-executive					
P.K. Hems	53	-	-	53	80
J.S. Gordon	33	-	-	33	33
Dr. A. Ospelt	10	-	-	10	-
	<u>363</u>	<u>98</u>	<u>16</u>	<u>477</u>	<u>400</u>
Employer's NI				58	48
Key management personnel compensation				535	448
Short-term employee benefits				519	430
Long-term employee benefits				16	18
				<u>535</u>	<u>448</u>

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

During the year no directors (2012 - no directors) participated in defined benefit pension schemes and one director (2012 - two directors) participated in a defined contribution pension scheme.

4. Net finance expense

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Payable on bank loans and overdrafts	(17)	(16)
Other interest payable	-	(1)
Net finance cost	<u>(17)</u>	<u>(17)</u>

► Notes forming part of the Group financial statements for the year ended 31 December 2013 (continued)

5. Tax on profit/(loss) on ordinary activities

The tax charge/(credit) represents:

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Corporation tax at 23.25% (2012 - 24.5%)	64	42
Adjustment in respect of prior years	-	-
Total current tax	64	42
Deferred tax charge/(credit) - (note 16)	192	(82)
Total tax charge/(credit) for the year	<u>256</u>	<u>(40)</u>
Tax relating to other comprehensive income:		
	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Corporation tax at 23.25% (2012 - 24.5%)		
Current tax credit relating to pension liability	(25)	(41)

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 23.25% (2012 - 24.5%). The differences are explained as follows:

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Profit/(loss) on ordinary activities before tax	720	(455)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 23.25% (2012 - 24.5%)	167	(111)
Effects of:		
group adjustments and items not subject to tax	-	-
expenses not deductible for tax purposes	19	3
other adjustments	70	67
ESOP tax charge	-	1
Total tax charge/(credit) for year	<u>256</u>	<u>(40)</u>

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



► Notes forming part of the Group financial statements for the year ended 31 December 2013 (continued)

6. Dividends

No final dividend has been proposed in respect of 2013 or 2012.

7. Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the profit for the year of £464,000 (2012 - loss - £415,000) by 11,580,808 (2012 - 11,581,358) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOP Trust.

There is no impact on a full dilution of the earnings/(loss) per share calculation as there are no potential dilutive ordinary shares.

8. Property, plant and equipment

	Freehold property £'000	Long leasehold property £'000	Plant, equipment and vehicles £'000	Total £'000
Cost				
At 1st January 2012	5,756	1,000	10,914	17,670
Additions	-	-	347	347
Disposals	-	-	(710)	(710)
At 1st January 2013	5,756	1,000	10,551	17,307
Additions	8	-	441	449
Disposals	-	-	(399)	(399)
At 31st December 2013	5,764	1,000	10,593	17,357

	Freehold property £'000	Long leasehold property £'000	Plant, equipment and vehicles £'000	Total £'000
Depreciation				
At 1st January 2012	310	-	8,503	8,813
Charge for year	54	-	1,026	1,080
Disposals	-	-	(655)	(655)
At 1st January 2013	364	-	8,874	9,238
Charge for year	54	-	803	857
Disposals	-	-	(367)	(367)
At 31st December 2013	418	-	9,310	9,728
Net book value at 31st December 2013	5,346	1,000	1,283	7,629
Net book value at 31st December 2012	5,392	1,000	1,677	8,069

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 2013 (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 amounted to £7,000 per annum.

As of 31 December 2013 the Trust held 1,353,519 (2012 - 1,353,519) ordinary shares of 10p each in the capital of the company (10.46% of the allotted share capital (2012 - 10.46%)). The market value of the shares in the ESOP at 31 December 2013 was £1,353,519 (2012 - £663,244). 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 2013 or 31 December 2012.

11. Inventories and work in progress

	2013 £'000	2012 £'000
Raw materials	572	373
Work in progress	7,343	5,524
	7,915	5,897

Raw materials and consumables recognised as an expense in the Income Statement for the year ended 31 December 2013 totalled £22,988,000 (2012 - £21,402,000).

There are no provisions against the value of inventories at the balance sheet date (2012: £nil).

No reversal of previous write-downs was recognised as a reduction of expense in 2012 or 2013.

None of the inventories are pledged as securities for liabilities.

12. Trade and other receivables

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Amounts due from structural steel customers:		
- Trade receivables	2,526	2,198
- Retentions due within one year	1,025	1,170
- Retentions due after one year	452	364
Total	<u>4,003</u>	<u>3,732</u>
Other receivables	29	32
Prepayments and accrued income	379	454
	<u>4,411</u>	<u>4,218</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 £190,000 (2012: £99,000) has been recorded accordingly.

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

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Balance at 1 January	99	25
Impairment loss	91	74
Balance at 31 December	<u>190</u>	<u>99</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:

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Not more than three months	273	261
More than three months but not more than six months	136	236
More than six months but not more than one year	142	87
	<u>551</u>	<u>584</u>

13. Trade and other payables

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Trade payables	9,195	6,474
Social security and other taxes	474	687
Other payables	260	203
Accruals	583	382
	<u>10,512</u>	<u>7,746</u>

14. Long term borrowings

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Property loans (note 15)	368	413
	<u>368</u>	<u>413</u>

15. Property loans

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Loans at commercial rates -		
due within one year	368	45
repayable within five year	-	368
	<u>368</u>	<u>413</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 21% (2012 - 23%).

	<u>2013</u>	<u>2012</u>
	<u>£'000</u>	<u>£'000</u>
Deferred tax asset recognised in income statement		
At 1 January	970	888
(Charged)/credited in the year	(192)	82
At 31 December	<u>778</u>	<u>970</u>
Accelerated capital allowances	285	343
Other temporary differences	65	57
Tax losses carried forward	428	570
	778	970
Deferred tax asset recognised in other comprehensive income		
Pension surplus	(157)	(92)
	<u>621</u>	<u>878</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 Statement of Comprehensive Income) are recognised directly in equity. All other deferred tax movements are recognised in the income statement.

The Government announced in March 2012 a reduction in the rate of corporation tax to 24% with effect from 1 April 2012, with further reductions of 1% each year to 20% by 1 April 2016. 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 was an unfulfilled forward exchange contract with HSBC Bank Plc as at the year end for Euro 2.5 million that expires 30 June 2014. There was an unrealised immaterial gain as at the year end using the spot rate prevailing at that date of £47,000. Owing to the fluctuating exchange rate, the immateriality of the amount involved and the inherent uncertainty over which the level of currency gain that will ultimately be realised the gain has not been recognised in these financial statements.

If Sterling had strengthened against the Euro by 10% from the rate that prevailed at the year end the unrealised gain would be £236,000.

If Sterling had weakened against the Euro by 10% from the rate that prevailed at the year end the unrealised loss would be £184,000.

On the basis of the above the directors do not consider the unrealised gain to be material to the Group financial statements and as such have not recognised the gain in these financial statements.

Monetary assets and liabilities denominated in a foreign currency

All monetary assets and liabilities are denominated in Sterling.

Liquidity risk

As at 31 December 2013 the Group's financial liabilities have contractual maturities which are summarised below:

	Current within	Current six to	Between one
	six months	twelve months	and three
	£'000	£'000	years
			£'000
Trade payables	9,195	-	-
Other payables	260	-	-
Accruals	583	-	-
Property loans	23	345	-
	10,061	345	-

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

17. Financial instruments (continued)

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

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.

	2013	2012
	£'000	£'000
Trade and other receivables (excluding prepayments and accrued income)	4,032	3,764
Cash and cash equivalents	2,576	1,012
	6,608	4,776

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 2013 the Group had no overdraft and only a loan relating to a property purchased in 2011. The Group's management consider that the Group had sufficient bank facilities in place.

Interest earned on cash reserves within the Group largely equates to the Bank of England base rate plus 50bps. During the year ended 31 December 2013 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 2014 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.

17. Financial instruments (continued)

Summary of financial assets and financial liabilities by category

	2013	2012
	£'000	£'000
Trade and other receivables (excluding prepayments and accrued income)	4,032	3,764
Cash and cash equivalents	2,576	1,012
Loans and receivables	6,608	4,776
	2013	2012
	£'000	£'000
Current liabilities		
Trade payables	9,195	6,474
Other payables	260	203
Accruals	583	382
	10,038	7,059
Property loans	368	413
Financial liabilities measured at amortised cost	10,406	7,472
Net financial liabilities	(3,798)	(2,696)
	2013	2012
	£'000	£'000
Non financial assets and liabilities not within the scope of IAS 39		
Property, plant and equipment	7,629	8,069
Inventories and work in progress	7,915	5,897
Prepayments and accrued income	379	454
Deferred tax assets	621	878
Pension assets	653	384
Social security and other taxes	(474)	(687)
Current tax payable	(39)	-
	16,684	14,995
Total Equity	12,886	12,299

18. Called up share capital

Equity	2013		2012	
	Number of shares	£'000	Number of shares	£'000
Authorised				
Ordinary shares of 10p each	27,500,000	2,750	27,500,000	2,750
Allotted and fully paid				
Ordinary shares of 10p each	12,860,959	1,286	12,860,629	1,286
"A" ordinary shares of 10p each	73,368	7	73,698	7
	12,934,327	1,293	12,934,327	1,293

During the year 330 "A" ordinary shares were converted into ordinary shares (2012 - 110).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2013 and treasury shares held by the ESOP are given in note 10.

19. Ultimate controlling related party

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

20. Operating lease obligations

	2013		2012	
	Other	Land & buildings	Other	Land & buildings
	£'000	£'000	£'000	£'000
Within the Group commitments to operating lease payments are as follows:				
Total lease payments				
within one year	177	93	187	94
between one and five years	195	324	317	324
over five years	-	162	-	243
	372	579	504	661

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 £353,000 (2012 - £429,000).

Defined contribution schemes accounted for £247,000 (2012 - £262,000) of this amount with £106,000 (2012 - £167,000) 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 valuation of the Group's pension scheme was carried out as at 31 March 2011 (approved 18 June 2012).

The Group expects to contribute approximately £300,000 to its defined benefit pension schemes in the year ending 31 December 2014. 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.

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

Interest rate risk

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

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

Investment risk

The plan assets at 31 December 2013 are held predominantly in equity and debt instruments. The fair value of the equity assets is exposed to the risks of movements in UK and Overseas equity markets.

Longevity risk

The Group is required to provide benefits for life for the members of the scheme. A lower mortality rate will result in benefits being paid for longer.

Inflation risk

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

The principal actuarial assumptions adopted were:

	2013	2012	2011
	%	%	%
Rate of increase in pensionable salaries	4.0	3.8	3.5
Rate of increase in pensions in payment	3.4	3.0	3.0
Discount rate	4.6	4.5	4.6
Inflation assumption	3.4	3.0	3.0

21. Retirement benefits (continued)

The mortality assumption adopted for the purposes of the calculations as at 31 December 2013 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

	2013	2012
	£'000	£'000
Male retiring at reporting date at age 62 (in years)	25.0	24.9
Male retiring at reporting date +20 years at age 62 (in years)	28.1	28.0

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			Value at		
	31 December			31 December		
	2013	2012	2011	2013	2012	2011
	%	%	%	£'000	£'000	£'000
Equities	6.7	5.4	6.1	5,108	4,545	4,563
Bonds	4.0	3.7	3.8	1,302	1,400	1,227
Other	1.0	1.0	1.0	12	80	64
Total market value of assets				6,422	6,025	5,854
Present value of scheme liabilities				(5,769)	(5,641)	(5,527)
Surplus in the scheme				653	384	327
Related deferred tax liability				(157)	(92)	(78)
Net pension asset				496	292	249

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 2013 were 6.7% pa on equities, 4.0% pa on bonds, 1.0% pa on other assets (2012: 5.4%, 3.7%, 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.

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 2012	1,839	(462)	1,377
Cash flow	(827)	49	(778)
At 31 December 2012	1,012	(413)	599
Cash flow	1,564	45	1,609
At 31 December 2013	2,576	(368)	2,208

We have audited the parent company financial statements of Billington Holdings plc for the year ended 31 December 2013 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 11, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/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 2013;
- 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 and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Billington Holdings plc for the year ended 31 December 2013.



Andrew Bowler

John Bowler
Senior Statutory Auditor

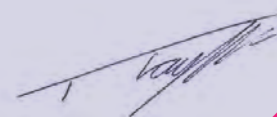
for and on behalf of Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
East Midlands
24 March 2014

▶ Parent company balance sheet as at 31 December 2013

	Note	2013		2012	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	5		6,338		6,412
Investments	6		1,300		1,300
			<u>7,638</u>		<u>7,712</u>
Current assets					
Debtors falling due within one year	8	91		239	
Cash at bank and in hand		2,583		824	
		<u>2,674</u>		<u>1,063</u>	
Creditors: amounts falling due within one year	9	<u>(3,070)</u>		<u>(719)</u>	
Net current (liabilities)/assets			(396)		344
Total assets less current liabilities			<u>7,242</u>		<u>8,056</u>
Creditors: amounts falling due after more than one year	10		-		(368)
			<u>7,242</u>		<u>7,688</u>
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		4,862		5,308
Shareholders' funds	14		<u>7,242</u>		<u>7,688</u>

The parent company financial statements were approved by the Board of Directors on 24 March 2014.

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



Trevor Taylor
Finance Director



Peter Hems
Non Executive
Chairman

▶ Statement of accounting policies - parent company

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.

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 2013

1. Profit on ordinary activities

Profit on ordinary activities is stated after:

	2013	2012
	£'000	£'000
Depreciation	86	85
Fees payable to the company's auditor for the audit of the company's annual accounts	28	28
Fees payable to the company's auditor for other services:		
tax services	5	10
other services	2	2
Operating lease charges	50	18

2. Directors and employees

Staff costs during the year including directors:

	2013	2012
	£'000	£'000
Wages and salaries	849	460
Social security	96	61
Pension costs	25	22
	970	543
Redundancy costs	4	-
	974	543

The average number of employees of the company during the year was 12 (2012 - 5).

Remuneration in respect of directors was as follows:

	2013	2012
	£'000	£'000
Aggregate emoluments	461	383
Company pension contributions to a defined contribution scheme	16	18

During the year no directors (2012 - no directors) participated in defined benefit pension schemes and one director (2012 - two directors) participated in a defined contribution pension scheme.

During the year no directors (2012 - no directors) exercised share options.

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

	2013	2012
	£'000	£'000
Aggregate emoluments	253	196
Company pension contributions to a defined contribution scheme	-	8

► Notes forming part of the parent company financial statements for the year ended 31 December 2013 (continued)

3. Dividends

No final dividend has been proposed in respect of 2013 or 2012.

4. Loss for the financial year

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

The loss on ordinary activities after taxation of the company for the year was £446,000 (2012: profit £289,000). This is stated after an impairment to intercompany receivables amounting to £500,000. The profit for the year prior to impairment was £54,000.

5. Tangible fixed assets

	Land & buildings	Plant & equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2013	6,541	422	6,963
Additions	8	4	12
At 31 December 2013	6,549	426	6,975
Depreciation			
At 1 January 2013	226	325	551
Charge for year	54	32	86
At 31 December 2013	280	357	637
Net book value at 31 December 2013	6,269	69	6,338
Net book value at 31 December 2012	6,315	97	6,412

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.



► Notes forming part of the parent company financial statements for the year ended 31 December 2013 (continued)

6. Investments

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost			
As at 1 January and 31 December 2013	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

	2013 £'000	2012 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	25	168
Other debtors	29	32
Prepayments and accrued income	25	27
Deferred tax asset	12	12
	91	239

► Notes forming part of the parent company financial statements for the year ended 31 December 2013 (continued)

9. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Bank loans and overdrafts	368	45
Trade creditors	226	358
Amounts owing to group undertakings	2,127	101
Social security and other taxes	35	23
Accruals and deferred income	277	192
Current taxation	37	-
	3,070	719

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

	2013 £'000	2012 £'000
Bank loans	-	368
Analysis of loans		
Included in current liabilities	(368)	(45)
Wholly repayable within five years	368	413
	-	368
Loan maturity analysis		
In more than one year but not more than two years	-	368

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 21% (2012 - 24%).

	2013 £'000	2012 £'000
Accelerated capital allowances	12	12

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



► Notes forming part of the parent company financial statements for the year ended 31 December 2013 (continued)

12. Called up share capital

	2013		2012	
	Number of shares	£'000	Number of shares	£'000
Authorised				
Ordinary shares of 10p each	27,500,000	2,750	27,500,000	2,750
Allotted and fully paid				
Ordinary shares of 10p each	12,860,959	1,286	12,860,629	1,286
“A” ordinary shares of 10p each	73,368	7	73,698	7
	12,934,327	1,293	12,934,327	1,293

During the year 330 “A” ordinary shares were converted into ordinary shares (2012 - 110).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2013 and treasury shares held by the ESOP are given in note 10 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 2013	1,864	132	(909)	5,308
Profit for the year prior to impairment	-	-	-	54
Impairment of intercompany receivables	-	-	-	(500)
At 31 December 2013	1,864	132	(909)	4,862

The profit and loss account includes non-distributable reserves of £1,354,000 (2012 - £1,371,000) relating to the consolidated reserves of the ESOP.

14. Reconciliation of movements in shareholders' funds

	2013	2012
	£'000	£'000
(Loss)/profit for financial year	(446)	289
Net (decrease)/increase in shareholders' funds	(446)	289
Shareholders' funds at 1 January 2013	7,688	7,399
Shareholders' funds at 31 December 2013	7,242	7,688

► Notes forming part of the parent company financial statements for the year ended 31 December 2013 (continued)

15. Ultimate controlling related party

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

16. Operating lease obligations.

	2013		2012	
	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	-	38	-	16
	-	38	-	16

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 £25,000 (2012 - £22,000).

Defined contribution schemes accounted for £25,000 (2012 - £22,000) of this amount with £nil (2012 - £nil) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

18. Related party transactions

During the year the company had two common directors with Tolent PLC, Mr P.K. Hems and Dr. A. Ospelt. There have been no transactions between the two entities in the current period (2012: £nil).

During the year the company had two common directors with Gutenga Investments PCC Limited, Mr P.K. Hems and Dr. A. Ospelt. There have been no transactions between the two entities in the current period (2012: £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.





