Report and Financial Statements

Year ended 31 December 2014

billington holdings plc

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billington
holdings plc

Chairman's Statement

I am delighted to report Billington's results for the year ended 31 December 2014, which show a substantial improvement over the previous year and are significantly ahead of the original market expectations set at the start of the financial year.

The structural steel business has continued to make good progress, improving margins and operating efficiencies. The business saw a steady increase in activity levels and enquiries and consequently has a greater level of visibility on future workload than has been the case for a number of years.

The easi-edge safety barrier division experienced lower levels of activity than anticipated in the early part of the year but there has been a steady improvement following a targeted sales campaign; as such, activity levels in the latter months of the year have been well above budgeted levels. However, as a result of the slower first part of the year, the division made a smaller contribution to the Group results than forecasted.

The hoard-it division, which produces a range of sustainable hoardings, has continued to make steady progress. The conversion rate achieved on enquiries remains high and the team made good progress in achieving repeat business as well as broadening the range of customers.

I am pleased to report that the Peter Marshall Steel Stairs subsidiary has posted a positive result for the year, for the first time since the business was acquired. The workload has been building consistently during the second half of the year, and the company is now operating profitably with a focus on winning good quality work.

Results

The profit after tax for the year from continuing operations was £1.4 million on revenue of £45 million, compared with a profit of £0.5 million on revenue of £39 million in the previous year. This represents a growth of 180 per cent in profit and 14 per cent in revenues, year on year.

The overall earnings per share for the year increased by 212 per cent to 12.5p compared with 4.0p in 2013, a significant turnaround in performance.

Dividend

I am pleased to announce that the Board is proposing a final dividend of 3.0 pence per share. This is the first time that the company has proposed a dividend payment since 2010 and the directors feel that the time is right to do so due to the improved performance of the Group. The Board will review the dividend policy annually and the level of dividend will be determined at that time. As such, it is important to note that there will not be automatic incremental increases in the level of dividend over the next few years. Furthermore, the Board does not consider it commercially prudent to move to a two stage dividend payment at this time and the Board does not intend to issue an interim dividend.

Liquidity and capital resources

There has been a net increase in cash of £1.3 million which breaks down broadly into cash generated by operating activities of £2.6 million and capital expenditure of £1.3 million. The level of capital expenditure at £1.3 million is up from £0.4 million in the previous year and covers the upgrade of capital machinery at Billington Structures, together with further expenditure on hire stock for both easi-edge and hoard-it.

Cash management will continue to play a key role as activity levels across the Group continue to increase. The requirement to fund higher levels of work in progress - and debtors - will require careful management, as will the need to ensure that funds are set aside for replacement and improvement of capital equipment to maintain and improve the quality of output. The Group had cash balances of £3.9 million at 31 December 2014, which together with the bank overdraft facilities, will provide sufficient funds to cover the projected working capital requirements of the Group.

Chairman's Statement (continued)

Senior Management Changes

Steve Fareham stepped down from his role as Group Chief Executive on 31 December 2014. He joined the steelwork business in 1968 straight from school, trained as a Chartered Engineer and was first appointed as a director of the company in 1983, becoming Group Chief Executive in 2008 following the Group reorganisation. Steve is well respected in the industry, having been involved at a senior level with the British Constructional Steelwork Association (BCSA) for many years, serving as President in 2002. I am pleased to have this opportunity to pay tribute to Steve for his contribution to the success and development of the business over many years. I am also happy to report that Steve has agreed to continue his involvement with the Group in the role of a Non-Executive Director.

I am also pleased to report that Mark Smith joined the Group in June 2014 and took over as Group Chief Executive on 1 January 2015. Mark brings a wide range of industry expertise and has settled well into the role. I look forward to working with him to build on the success that has been achieved to date.

Management and workforce

I should like to express my thanks to all the directors and employees, whose efforts and dedication over the last twelve months have been central to the continuing progress of Billington.

Prospects

The steelwork business is looking particularly well placed, with orders secured to cover production for several months ahead; in addition, there are further enquiries for substantial projects still at varying levels of negotiation. Based on current levels of activity and the quality of enquiries to date, we also expect to build on the positive result achieved by the Peter Marshall subsidiary in 2014. Given the levels of utilisation currently being achieved by the easi-edge division, and activity levels generally, we anticipate that this division will make a contribution for 2015 that is more in line with budget and ahead of that achieved for 2014. The hoard-it division made good progress in 2014 and we are looking to build on that success in 2015 with a higher positive contribution to profit for 2015.

It is always a challenge to predict with certainty the likely result for the year in a contracting business but the prospects for the new financial year look positive, with a strong order book. Given the Group's robust financial position and order book, the Board remains confident that Billington Group can capitalise on new opportunities in the market and, subsequently, achieve further growth and profitability to build on existing momentum.

Peter Hems
Non Executive Chairman
23 March 2015

Operational Review

Operational Review

I am pleased to report my first set of results as Chief Executive of Billington. The Group has achieved solid results during the year, ahead of market expectations, with further significant progress made in our ongoing drive to deliver profitability for our shareholders.

Market conditions for the UK construction industry continued to improve steadily throughout 2014, more notably during the second half of the year. In recent years there has been a marked reduction in the capacity of the structural steelwork market, however there has been a slowdown of competitors exiting the market in the past year as the market has stabilised. There was a significant shift in 2014 relating to the stability of the market generally and the companies that operate within it - capacity is still available in the market with the current level of demand but this is much more in balance than has been seen for a number of years. Most companies within the sector are still operating a single or lengthened shift system and current demand would indicate that this is likely to remain the model for most companies in the short term.

The value of individual contracts continued to steadily improve, although still remain well below pre-recession levels. Our aim in 2015 will be to continue progressing towards returning an operating margin of five per cent on contracts.

Health, Safety, Sustainability, Quality and the Environment

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

Billington Structures Limited

A return to a more traditional mix of structural steelwork projects throughout 2014 enabled us to achieve a total of approximately 19,000 tonnes of fabricated material throughout the UK and Scandinavia.

Major projects included:

- Kensington Leisure Centre
- New exhibition centre and hotel complex in Liverpool
- A number of large data centres in and around London
- Large student accommodation project in the Midlands
- New Sixth Form College and Construction Centre in Barnsley

Billington Structures begins 2015 with its strongest order book relative to its capacity for a long time. Projects secured include a major distribution centre in South Yorkshire, several energy-from-waste developments across the UK, an aircraft maintenance hangar and accompanying office building, an office development in Leeds, as well as a number of industrial buildings across the UK.

Tubecon

Tubecon, a division of Billington Structures specialising in Architecturally Exposed Structural Steelwork (AESS), is seeing an upturn in the volume and quality of enquiries and had some recent success with the award of a contract for a prestigious sports club in London.

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

easi-edge Limited

Whilst the first half saw a more subdued level of activity in this division, as the structural steelwork market steadily improved, easi-edge was able to secure a better market share during the second half of the year, which culminated in a strong order book and an optimistic outlook for 2015. With the diversification of the product offering, and a focus on the development of new customers, the business saw a 10 per cent growth in its customer base in the second half.

The development of the product for timber framed projects continued, with approximately 10 per cent of the revenue now being generated from this market.

Major projects included:
- City of Glasgow Campus
- University of Sterling
- Lincoln Student Accommodation
- Data Centre, Hemel Hempstead
- Friars Walk Retail Development, Newport

Given the current level of demand, along with the anticipated level of future work, the Company is actively looking forward to making additions to its hire fleet. While future additions to the barrier fleet are being considered, we will have the opportunity to review the design of the barrier and how best to suit the requirements of the future market.

hoard-it division

2014 has been a year of continued expansion. The appointment of a new sales manager in late 2013 has yielded significant new business opportunities, with the product now being utilised by the majority of Tier One principal contractors throughout the UK. hoard-it's primary product is now firmly established within the hoardings industry. The business is now investing in further product development in order to broaden its site hoarding range.

Major projects included:
- Birmingham City Library
- Etihad Stadium, Manchester
- Olympic Park, Stratford
- Salford University
- St Andrew Square, Edinburgh

Peter Marshall Steel Stairs Limited

Following the management restructure programme carried out in late 2013, the business' trading performance is very encouraging and it is now trading profitably for the first time since its acquisition.

An upturn in work orders, along with more streamlined operational processes, has resulted in significantly improved margins. The order book into 2015 is strong, with repeat business opportunities. Further strengthening is planned in the Sales and Commercial Departments.

Notable projects have included:
- Westfield Shopping Centre, London
- Kia Showroom, Chiswick
- Morrisons Supermarket, Birtley
- M&S Supermarket, Wolstanton
- Energy Recovery Centre, Severnside

The office has been refurbished in the past year and a programme of renewal for the factory equipment is planned for this year to further improve efficiencies and the product offering.

Operational Review (continued)

People

I would like to take this opportunity to thank all of my colleagues, fellow board members and wider stakeholders for their support and assistance since my arrival. I am very much encouraged by the strength and dedication of the team and look forward to continue working together to meet future opportunities. Within the Billington Structures business we have appointed Technical, Production and Divisional Directors and I would like to personally welcome my new colleagues to the team.

Conclusion

It is pleasing to note that our 'Stability and return to profitability' mission has been successful, with the profitability of the Group being much improved. For the first time in a number of years, each of Billington's divisions has contributed positively to the overall trading performance, allowing the Group to look forward with great optimism to 2015. We have worked to strengthen efficiencies within the management structure of each Group entity and I am confident that the current management is well placed to take the Group forward into further expansion as we enter these exciting times.

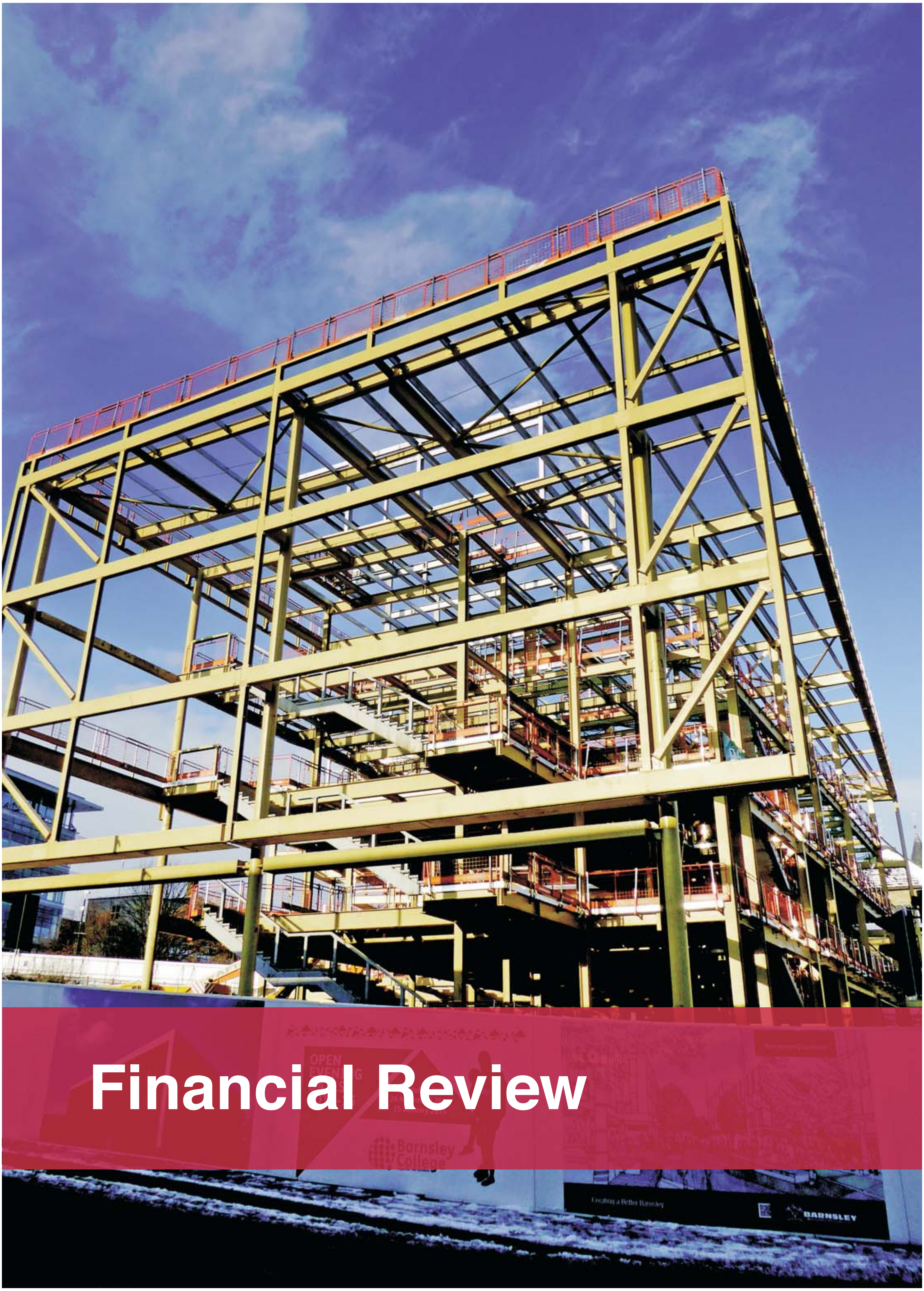
We have continued our drive to recruit and train at all levels, including key shop floor apprentices. To address the inevitable skills shortage within our industry, as demand continues to steadily increase, we now have the largest number of apprentices in the Group's history.

While the economy has not yet returned to pre-recession levels, the buoyancy and gathering momentum within the industry is very encouraging and allows us to look with optimism at our future prospects.

Continued development of the Group's facilities - to ensure they are able to produce optimum product efficiently - is critical. To that end, certain capital expenditure projects that have been on hold for a number of years are now being re-evaluated. Capital expenditure at our Barnsley and Leeds facilities will be incurred over the medium term to ensure capacity is maximised and the capabilities meet the needs of our customers moving forward.

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

Mark Smith
Chief Executive Officer
23 March 2015



Financial Review

Financial Review

Consolidated Income Statement	2014 £'000	2013 £'000
Revenue	45,103	39,404
Operating profit	1,899	737
Profit before tax	1,922	720
Profit after tax	1,445	464
Profit before tax excluding redundancy costs	1,942	929
Profit for shareholders	1,445	464
Earnings per share	12.5p	4.0p

The Group performed well throughout 2014 and achieved its strongest results for four years.

Revenue has increased 14% year on year primarily as a result of Billington Structures increasing its output, particularly in relation to traditional structural steelwork activities. Demand for structural steel in 2014 still remained below pre-recession levels. However, the Company still achieved growth and obtained a higher volume of work.

Forecasts indicate that the consumption of structural steelwork within the UK increased 6% in 2014 to 818,000 tonnes and is further projected to increase 9% in 2015. This allows the Group to look forward with an increased degree of optimism, which has not been seen in the sector for some time.

Operating margins (after redundancy costs) improved to 4.3 per cent, against 2.4 per cent in 2013.

Earnings per share improved from 4.0p in 2013 to 12.5p in 2014.

Redundancy costs of £20,000 were expended in the year, which following that of £209,000 in 2013 sees the Groups restructuring activities complete. The restructuring has resulted in a leaner organisation, which is agile and has the ability to respond to fluctuating demand in an efficient manner.

Consolidated Balance Sheet	2014 £'000	2013 £'000
Non current assets	9,311	8,903
Current assets	17,424	14,902
Current liabilities	12,151	10,919
Non current liabilities	279	-
Total equity	14,305	12,886

Capital expenditure increased in the year to £1,308,000 from £449,000 in 2013. 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 and hoardings businesses 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, a number of capital expenditure programmes that have been postponed may see progress. The Group is currently assessing the best way to improve its Barnsley and Leeds plants to ensure that the capabilities for the future are maximised and the best possible returns are generated for the Group's stakeholders.

Within non-current assets, property, plant and equipment increased by £532,000, and deferred tax assets decreased by £349,000. Capital expenditure of £1,308,000 was incurred in the year with net disposals being £5,000 and depreciation being £771,000. The balance of the movement is as a result of a surplus on the defined benefit pension scheme, which increased by £225,000 in the year.

The increase of £2,522,000 in current assets included increases of £557,000 in inventories, £669,000 in trade and other receivables and £1,296,000 in cash.

The total rise of £1,232,000 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; £45,000 of this is reflected within current liabilities and £279,000 within non-current liabilities, with repayments made against the balance in the year of £44,000.

Total equity increased by £1,419,000 in the year to £14,305,000; this is particularly encouraging following a protracted period of market depression. The financial position of the Group at the end of the year remains robust and provides a platform from which the Group can further improve shareholder value.

Consolidated Cash Flow Statement	2014 £'000	2013 £'000
Result for shareholders	1,445	464
Depreciation	771	857
Capital expenditure	(1,308)	(449)
Tax	(39)	-
Decrease in working capital	268	555
Dividends	-	-
Net property loan movement	(44)	(45)
Others	203	182
Net cash outflow	1,296	1,564
Cash at beginning of year	2,576	1,012
Cash at end of year	3,872	2,576

It was encouraging to note that the trading result for the year was converted into cash further improving the Group's position at the year end.

Capital expenditure was in excess of depreciation by £537,000, this cash utilisation was offset by a decrease in working capital of £268,000. Tax paid in the period was minimal as a result of the utilisation of the remaining of the tax losses within the Group.

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:	2014 £'000	2013 £'000
Inventories	8,472	7,915
Accounts receivable	5,080	4,411
Accounts payable	(12,006)	(10,512)
Working capital at end of year	1,546	1,814

Financial Review (continued)

Cash balances at the year end totalled £3,872,000 and there was a property loan outstanding of £324,000. 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.

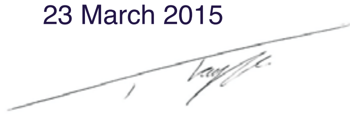
It is inevitable that as business volumes further increase there will be added pressure on cash flow, although the combination of strong financial controls and adequate, agreed banking facilities will ensure that the Group has sufficient liquidity to fund future growth.

Pension Scheme	2014 £'000	2013 £'000
Scheme assets	7,329	6,422
Scheme liabilities	(6,451)	(5,769)
Surplus	878	653
Other finance income	35	-
Contributions to defined benefit scheme	244	106

To limit the Group's exposure to future potential pension liabilities the decision was taken to close the remaining Billington defined benefit pension scheme to future accrual from 1 July 2011. It is pleasing to note that the position of the scheme as at the year end continues to show signs of steady improvement.

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

Trevor Taylor
Finance Director
23 March 2015



Directors, Secretary and Registered Office

Peter Hems
Non Executive Chairman

Mark Smith
Chief Executive Officer
(appointed 2 June 2014)

Trevor Taylor
Finance Director

John Gordon
Non Executive Director

Dr. Alexander Ospelt
Non Executive Director

Steve Fareham
Non Executive Director

L.S. Holloway
Secretary

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

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

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

Registrar and Main Transfer Office
Capita Asset Services
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Nominated Advisor and Broker
W H Ireland
Royal House
28 Sovereign Street
Leeds LS1 4BJ

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

Financial Statements 2014

Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

1. Results and dividends

The consolidated income statement is set out on page 20 and shows the result for the year.

No final dividend in respect of 2013 was paid, nor were any interim dividends paid during 2014. The directors propose to pay a dividend of 3.0 pence per share on 3 July 2015 to shareholders on the register on 5 June 2015.

2. Financial risk management objectives and policies

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

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

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

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

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

3. Directors

All directors appointed at the year end served throughout the year with the exception of Mr M. Smith who was appointed to the Board on 2 June 2014.

In accordance with the Articles of Association Mr M. Smith, Mr J.S. Gordon and Dr A. Ospelt retire and offer themselves for re-election.

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

Billington Holdings Plc ordinary 10p shares

	31 December 2014		**1 January 2014**	
	Shares	Options	Shares	Options
P.K. Hems	15,000	-	15,000	-
M. Smith	-	-	-	-
T.M. Taylor	1,000	-	1,000	-
S.G.T. Fareham	17,603	-	17,000	-
J.S. Gordon	357,270	-	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.

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.

Report of the directors for the year ended 31 December 2014 (continued)

The directors confirm that

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

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

5. Going concern

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

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

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

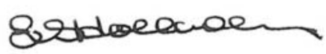
The directors have a reasonable expectation that the parent company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

6. Auditor

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

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

L.S. Holloway
Secretary
23 March 2015



easi-edge
easi-edge.co.uk

Strategic Report for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

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 4 to 11), including an analysis using financial key and non-financial performance indicators.

2. Key non-financial performance indicators	2014 £'000	2013 £'000
Production efficiency	110%	100%
Hire stock utilisation	72%	73%
Accidents (own employees) - reportable	-	1
Employee numbers	284	284
Apprentice intake	10	5
Staff turnover (excluding restructuring)	12%	8%

3. Principal Risks and Uncertainties

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

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

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

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

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

4. Disabled persons

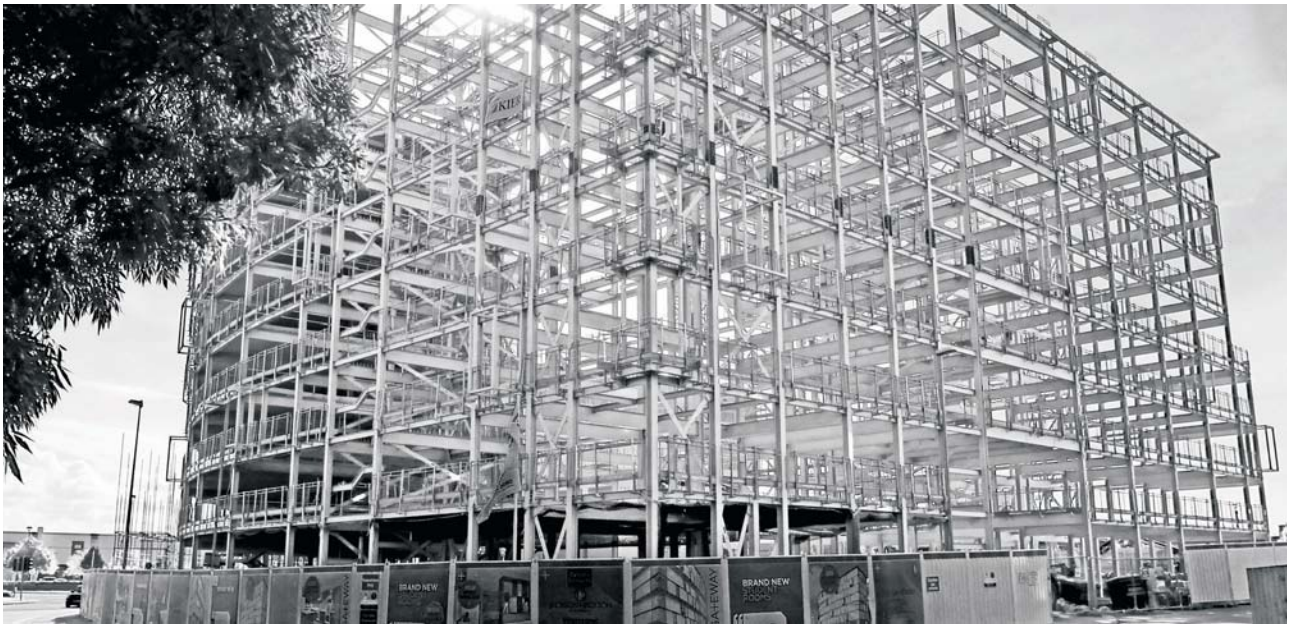
The Group's policy is to give sympathetic consideration, in both recruitment and training, to the problems of the disabled, and to assist them in developing their knowledge and skills to undertake greater responsibilities wherever possible.

5. Employee involvement

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

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

L.S. Holloway
Secretary
23 March 2015



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 2014 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Billington Holdings plc for the year ended 31 December 2014.

Grant Thornton UK LLP

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

23 March 2015

Consolidated income statement for the year ended 31 December 2014

	Note	2014		2013	
		£'000	£'000	£'000	£'000
Revenue, excluding movements in work in progress			44,517		37,571
Increase in work in progress			586		1,833
Revenue	2		45,103		39,404
Raw materials and consumables		27,619		22,988	
Other external charges		3,165		3,058	
Staff costs	3	10,356		10,182	
Redundancy	3	20		209	
Depreciation	2	771		857	
Other operating charges		1,273		1,373	
			(43,204)		(38,667)
Group operating profit			1,899		737
Share of post tax profit in joint ventures	23		-		-
Total operating profit			1,899		737
Net finance income/(cost)	4		23		(17)
Profit before tax	2		1,922		720
Tax	5		(477)		(256)
Profit for the year			1,445		464
Profit for the year attributable to equity holders of the parent company			1,445		464
Earnings per share (basic and diluted)	7		12.5 p		4.0 p

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 2014

	Note	2014 £'000	2013 £'000
Profit for the year		1,445	464
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit surplus	21	(54)	163
Movement on deferred tax relating to pension liability	16	(32)	(65)
Current tax relating to pension liability	5	60	25
Other comprehensive income, net of tax		(26)	123
Total comprehensive income for the year attributable to equity holders of the parent company		1,419	587

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

Consolidated balance sheet as at 31 December 2014

	Note	2014		2013	
		£'000	£'000	£'000	£'000
Assets					
Non current assets					
Property, plant and equipment	8		8,161		7,629
Pension asset	21		878		653
Investments in joint ventures	9		-		-
Deferred tax asset	16		272		621
Total non current assets			9,311		8,903
Current assets					
Inventories and work in progress	11	8,472		7,915	
Trade and other receivables	12	5,080		4,411	
Cash and cash equivalents		3,872		2,576	
Total current assets			17,424		14,902
Total assets			26,735		23,805
Liabilities					
Current liabilities					
Current portion of long term borrowings	15	45		368	
Trade and other payables	13	12,007		10,512	
Current tax payable		100		39	
Total current liabilities			12,152		10,919
Non current liabilities					
Long term borrowings	15	279		-	
Total non current liabilities			279		-
Total liabilities			12,431		10,919
Net assets			14,304		12,886
Equity					
Share capital	18		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other reserve			(910)		(909)
Accumulated profits			11,925		10,506
Total equity			14,304		12,886

The Group financial statements were approved and authorised for issue by the Board of Directors on 23 March 2015.

PK Hems **P.K. HEMS** - Chairman Taylor **T.M. 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 2014

	Share Capital	Share premium account	Capital redemption reserve	Other reserve - ESOP	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'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

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

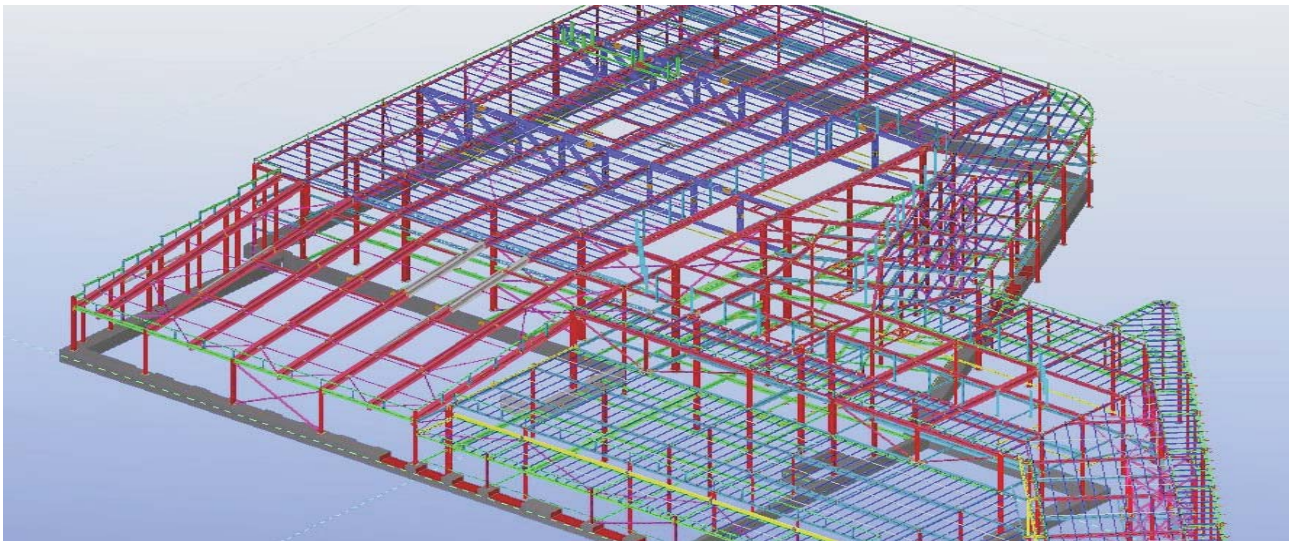
The Group accumulated profits reserve includes a surplus of £689,000 (2013 - £496,000) relating to the net pension surplus.

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 2014

	Note	2014 £'000	2013 £'000
Cash flows from operating activities			
Group profit after tax		1,445	464
Taxation paid		(39)	-
Depreciation on property, plant and equipment		771	857
Difference between pension charge and cash contributions		(244)	(106)
Profit on sale of property, plant and equipment		(86)	(110)
Taxation charge recognised in income statement		477	256
Net finance (income)/expense		(23)	17
Increase in inventories and work in progress		(557)	(2,018)
Increase in trade and other receivables		(669)	(193)
Increase in trade and other payables		1,494	2,766
Net cash flow from operating activities		2,569	1,933
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,308)	(449)
Proceeds from sale of property, plant and equipment		91	142
Net cash flow from investing activities		(1,217)	(307)
Cash flows from financing activities			
Interest paid		(12)	(17)
Repayment of bank and other loans		(44)	(45)
Net cash flow from financing activities		(56)	(62)
Net increase in cash and cash equivalents		1,296	1,564
Cash and cash equivalents at beginning of period		2,576	1,012
Cash and cash equivalents at end of period	24	3,872	2,576

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



Statement of accounting policies

These consolidated financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out below which comply with IFRS in issue as adopted by the European Union and are effective at 31 December 2014.

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

a. Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after 1 January 2014

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

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

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

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

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

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

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

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

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

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

- significant judgements and assumptions (and changes) made by the reporting entity in determining whether it controls another entity

- the interest that the non-controlling interests have in the group's activities

- the effect of restrictions on the reporting entity's ability to access and use assets or settle liabilities of consolidated entities

- the nature of, and changes in, the risks associated with the reporting entity's interests in consolidated structured entities, joint arrangements, associates and unconsolidated structured entities.

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

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

b. Basis of consolidation

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

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

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

c. Revenue

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

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

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

Statement of accounting policies (continued)

c. Revenue (continued)

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

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

f. Taxation

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

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

f.Taxation (continued)

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.

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

m. Financial liabilities

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

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

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

n. Cash and cash equivalents

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

o. Dividends

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

p. Equity

Equity comprises the following:

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

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

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

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

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

q. Segmental reporting

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

r. Standards and interpretations in issue not yet effective

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

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

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

IFRS 9 Financial Instruments (effective 1 January 2018)

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

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

judgements about milestones, actual work performed, costs to complete and the overall contract value. Further information on the Group's accounting policy for construction contracts is provided in note c.

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

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

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

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

Useful lives of depreciable assets
Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 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.

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

Defined benefit obligation
Management estimates the defined benefit obligation annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit obligation of £6,451,000 (2013: £5,769,000) 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.

Notes forming part of the Group financial statements for the year ended 31 December 2014

1. Segmental information

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

2. Revenue and profit before tax

Revenue and profit/(loss) before tax are attributable to the Group's continuing operations. During 2014 89%/£40.3 million (2013: 91%/£34.4 million) of revenue was derived from construction contracts. Two customers included within the structural steel sector accounted for greater than 10% of the Group's revenue. These contractors accounted for 23% and 11% (2013: one contractor with 21%) of Group revenue respectively.

Analysis of revenue by geographical area based on customer location:

Revenue from structural steel	**2014**	**2013**
	£'000	**£'000**
United Kingdom	39,928	35,622
Rest of Europe	3,098	1,443
	43,026	37,065

Sales of services	**2014**	**2013**
	£'000	**£'000**
United Kingdom	2,077	2,339

Profit before tax is stated after:	**2014**	**2013**
	£'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	24
tax services	5	5
other services	16	2
Depreciation	771	857
Profit on disposal of property, plant and equipment	(86)	(110)
Operating lease charges:		
short term hire of plant and machinery	9	6
operating leases - other	219	250
operating leases - property	103	103

3. Directors and employees

Staff costs during the year including directors:	2014	2013
	£'000	£'000
Wages and salaries	9,097	8,988
Social security	960	947
Pension costs	299	247
	10,356	10,182
Redundancy	20	209
	10,376	10,391

The average number of employees of the Group during the year was 284 (2013 - 284).

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

	Salary and fees	Other emoluments	Pension	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000
Executive					
S.G.T. Fareham	191	56	-	247	253
T.M. Taylor	87	33	12	132	128
M. Smith	61	21	9	91	-
Non-executive					
P.K. Hems	53	-	-	53	53
J.S. Gordon	34	-	-	34	33
Dr. A. Ospelt	10	-	-	10	10
	436	110	21	567	477
Employer's NI				68	58
Key management personnel compensation				635	535
Short-term employee benefits				614	519
Long-term employee benefits				21	16
				635	535

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

During the year no directors (2013 - no directors) participated in defined benefit pension schemes and two directors (2013 - one director) participated in a defined contribution pension scheme.

4. Net finance income/(expense)

	2014	2013
	£'000	£'000
Payable on bank loans and overdrafts	(12)	(17)
Other finance income - pension scheme (see note 21)	35	-
Net finance income/(expense)	23	(17)

5. Tax on profit on ordinary activities

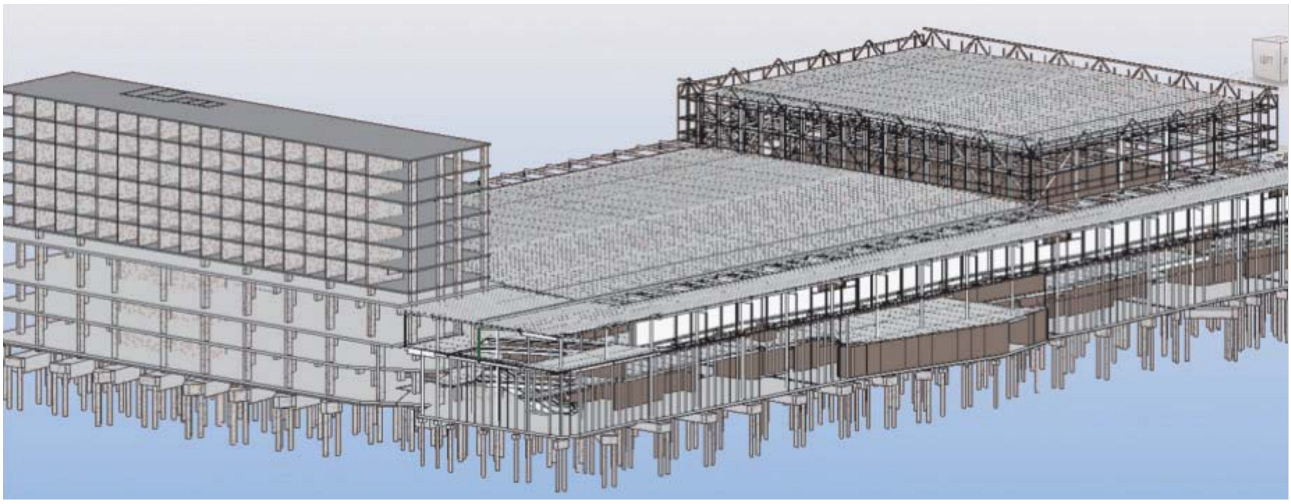
The tax charge represents:	2014	2013
	£'000	£'000
Corporation tax at 21.5% (2013 - 23.25%)	160	64
Adjustment in respect of prior years	-	-
Total current tax	160	64
Deferred tax charge - (note 16)	317	192
Total tax charge for the year	477	256

Tax relating to other comprehensive income:	2014	2013
	£'000	£'000
Corporation tax at 21.5% (2013 - 23.25%)		
Current tax credit relating to pension liability	(60)	(25)

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 21.5% (2013 - 23.25%). The differences are explained as follows:

	2014	2013
	£'000	£'000
Profit on ordinary activities before tax	1,922	720
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 21.5% (2013 - 23.25%)	413	167
Effects of:		
expenses not deductible for tax purposes	14	19
other adjustments	50	70
Total tax charge for year	477	256



6. Dividends

A final dividend has been proposed in respect of 2014 of 3.0 pence per ordinary share (£388,000). As the distribution of dividends by Billington Holdings Plc requires approval at the shareholders' meeting, no liability in this respect is recognised in the consolidated financial statements.

7. Earnings per share

Earnings per share is calculated by dividing the profit for the year of £1,445,000 (2013 - profit - £464,000) by 11,580,808 (2013 - 11,580,808) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOP Trust.

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

8. Property, plant and equipment

	Freehold property	Long leasehold property	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2013	5,756	1,000	10,551	17,307
Additions	8	-	441	449
Disposals	-	-	(399)	(390)
At 1 January 2014	5,764	1,000	10,593	17,357
Additions	12	-	1,296	1,308
Disposals	-	-	(349)	(349)
At 31 December 2014	5,776	1,000	11,540	18,316

	Freehold property	Long leasehold property	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000
Depreciation				
At 1st January 2013	364	-	8,874	9,238
Charge for year	54	-	803	857
Disposals	-	-	(367)	(367)
At 1 January 2014	418	-	9,310	9,728
Charge for year	54	-	717	771
Disposals	-	-	(344)	(344)
At 31 December 2014	472	-	9,683	10,155
Net book value at 31 December 2014	5,304	1,000	1,857	8,161
Net book value at 31 December 2013	5,346	1,000	1,283	7,629

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.

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:

		Proportion of shares held by	
	Activity	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 £12,000 per annum.

As of 31 December 2014 the Trust held 1,354,619 (2013 - 1,353,519) ordinary shares of 10p each in the capital of the company (10.46% of the allotted share capital (2013 - 10.46%)). The market value of the shares in the ESOP at 31 December 2014 was £2,201,256 (2013 - £1,353,519). 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 2014 or 31 December 2013.

11. Inventories and work in progress

	2014	2013
	£'000	£'000
Raw materials	543	572
Work in progress	7,929	7,343
	8,472	7,915

Raw materials and consumables recognised as an expense in the Income Statement for the year ended 31 December 2014 totalled £27,719,000 (2013 - £22,988,000).

There are no provisions against the value of inventories at the balance sheet date (2013: £nil).

No reversal of previous write-downs was recognised as a reduction of expense in 2013 or 2014. None of the inventories are pledged as securities for liabilities.

12. Trade and other receivables

	2014	2013
	£'000	£'000
Amounts due from structural steel customers:		
- Trade receivables	3,036	2,526
- Retentions due within one year	1,037	1,025
- Retentions due after one year	272	452
Total	4,345	4,003
Other receivables	294	29
Prepayments and accrued income	441	379
	5,080	4,411

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 £265,000 (2013: £190,000) has been recorded accordingly.

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

	2014	2013
	£'000	£'000
Balance at 1 January	190	99
Impairment loss	75	91
Balance at 31 December	265	190

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:

	2014	2013
	£'000	£'000
Not more than three months	519	273
More than three months but not more than six months	330	136
More than six months but not more than one year	134	142
	983	551

13. Trade and other payables

	2014	2013
	£'000	£'000
Trade payables	10,268	9,195
Social security and other taxes	464	474
Other payables	534	260
Accruals	741	583
	12,007	10,512

14. Long term borrowings

	2014	2013
	£'000	£'000
Property loans (note 15)	324	368
	324	368

15. Property loans

	2014	2013
	£'000	£'000
Loans at commercial rates -		
due within one year	45	368
repayable within five years	279	-
	324	368

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 2.50% 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% (2013 - 21%).

	2014	2013
	£'000	£'000
Deferred tax asset recognised in income statement		
At 1 January	778	970
Charged in the year	(317)	(192)
At 31 December	461	778
Accelerated capital allowances	179	285
Other temporary differences	282	65
Tax losses carried forward	-	428
	461	778
Deferred tax asset recognised in other comprehensive income		
Pension surplus	(189)	(157)
Total deferred tax asset	272	621

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.

Monetary assets and liabilities denominated in a foreign currency
All monetary assets and liabilities are denominated in Sterling.

Liquidity risk
As at 31 December 2014 the Group's financial liabilities have contractual maturities which are summarised below:

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

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

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

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.

	2014	2013
	£'000	£'000
Trade and other receivables (excluding prepayments and accrued income)	4,639	4,032
Cash and cash equivalents	3,872	2,576
	8,511	6,608

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 2014 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 2014 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 2015 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	2014	2013
Current assets	**£'000**	**£'000**
Trade and other receivables (excluding prepayments and accrued income)	4,639	4,032
Cash and cash equivalents	3,872	2,576
Loans and receivables	8,511	6,608

	2014	2013
Current liabilities	**£'000**	**£'000**
Trade payables	10,268	9,195
Other payables	534	260
Accruals	741	583
	11,543	10,038
Property loans	324	368
Financial liabilities measured at amortised cost	11,867	10,406
Net financial liabilities	(3,356)	(3,798)

Non financial assets and liabilities not within the scope of IAS 39	2014	2013
	£'000	**£'000**
Property, plant and equipment	8,161	7,629
Inventories and work in progress	8,472	7,915
Prepayments and accrued income	441	379
Deferred tax assets	272	621
Pension assets	878	653
Social security and other taxes	(464)	(474)
Current tax payable	(100)	(39)
	17,660	16,684
Total Equity	14,304	12,886

18. Called up share capital

Equity	2014		2013	
	Number of shares	£'000	Number of shares	£'000
Authorised				
Ordinary shares of 10p each	27,500,000	2,750	27,500,000	2,750
Allotted and fully paid				
Ordinary shares of 10p each	12,860,959	1,286	12,860,959	1,286
"A" ordinary shares of 10p each	73,368	7	73,368	7
	12,934,327	1,293	12,934,327	1,293

During the year no "A" ordinary shares were converted into ordinary shares (2013 - 330).
Both classes of share rank pari passu in all respects.
Details of company share options outstanding at 31 December 2014 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

	2014		2013	
	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	161	94	177	93
between one and five years	152	324	195	324
over five years	-	81	-	162
	313	499	372	579

The Group leases certain premises under operating leases which expire between 2014 and 2020. The Group also leases certain motor vehicles whose total future minimum rentals are shown above.

21. Retirement benefits

The Group operates funded pension schemes for certain employees and directors. The total contributions to all pensions by the Group for the year was £543,000 (2013 - £353,000).

Defined contribution schemes accounted for £299,000 (2013 - £247,000) of this amount with £244,000 (2013 - £106,000) relating to a defined benefit scheme, where the benefits are based on final pensionable pay.

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

The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit credit method of valuation. The latest actuarial valuation of the Group's pension scheme was carried out as at 31 March 2014 (approved 8 October 2014).

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

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

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

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

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

Investment risk
The plan assets at 31 December 2014 are held predominantly in equity and debt instruments. The fair value of the equity assets is exposed to the risks of movements in UK and Overseas equity markets.

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

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

21. Retirement benefits (continued)

The assets of the schemes were:

		Value at 31 December		
		2014	2013	2012
		£'000	£'000	£'000
Equities	- UK	1,095	1,081	894
	- Overseas	1,031	965	816
Bonds	- UK Government	1,613	1,217	1,163
	- UK Corporate	1,546	1,302	1,400
Cash		96	12	80
Other		1,948	1,845	1,672
Total market value of assets		7,329	6,422	6,025
Present value of scheme liabilities		(6,451)	(5,769)	(5,641)
Surplus in the scheme		878	653	384
Related deferred tax liability		(189)	(157)	(92)
Net pension asset		689	496	292

A reconciliation of the defined benefit obligation and plan assets to the amounts presented in the balance sheet for each of the reporting periods is presented below:	2014	2013
	£'000	£'000
Defined benefit obligation	(6,451)	(5,769)
Fair value of plan assets	7,329	6,422
	878	653

Analysis of the amount charged to other finance income:	2014	2013
	£'000	£'000
Interest income	294	248
Interest on pension scheme liabilities	(259)	(248)
Total income recognised in profit or loss	35	-

Analysis of amount recognised in statement of comprehensive income:	2014	2013
	£'000	£'000
Return on plan assets (excluding amounts included in net interest)	526	317
Actuarial losses from changes in financial assumptions	(580)	(154)
Total (expense)/income recognised in other comprehensive income	(54)	163

21. Retirement benefits (continued)

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

	2014	2013
	£'000	£'000
At 1 January	6,422	6,025
Interest income	294	248
Return on plan assets (excluding amounts included in net interest)	526	317
Contributions	244	106
Benefits paid	(157)	(274)
At 31 December	7,329	6,422

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

	2014	2013
	£'000	£'000
At 1 January	(5,769)	(5,641)
Interest cost	(259)	(248)
Remeasurement - actuarial losses from changes in financial assumptions	(580)	(154)
Benefits paid	157	274
At 31 December	(6,451)	(5,769)

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

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

	2014	2013	2012
	%	%	%
Rate of increase in pensionable salaries	3.2	4.0	3.8
Rate of increase in pensions in payment	3.1	3.4	3.0
Discount rate	3.6	4.6	4.5
Inflation assumption	3.2	3.4	3.0

The mortality assumption adopted for the purposes of the calculations as at 31 December 2014 is as follows:

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

Average life expectancies - Billington Scheme	2014	2013
Male retiring at reporting date at age 62 (in years)	25.4	25.0
Male retiring at reporting date +20 years at age 62 (in years)	27.8	28.1

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

21. Retirement benefits (continued)

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

	2014
Changes in the signficant actuarial assumptions:	**£'000**
0.25% increase to discount rate	(274)
0.25% increase in inflation and related assumptions	208
1 year increase in life expectancy	175

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

22. Related party transactions

During the year the Group had two common directors with Tolent PLC, Mr P.K. Hems and Dr. A. Ospelt. The Group has in the past undertaken normal arms length trading activities with related undertakings of Tolent PLC. Revenue amounting to £202,751 (2013 - £454,530) at normal market rates is in respect of Tolent PLC related undertakings. A balance of £3,660 (2013 - £29,792) was outstanding at the year end.

During the year the company had two common directors with Gutenga Investments PCC Limited, Mr P.K. Hems and Dr. A. Ospelt. There have been no transactions with the Group in the current period (2013: £nil).

23. Joint ventures

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

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

The Group's share of transactions and balances with BS2 (2011) Limited as at 31 December 2014 were as follows:

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

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

	Cash and cash equivalents	**Property loans**	**Net cash**
	£'000	**£'000**	**£'000**
At 1 January 2013	1,012	(413)	599
Cash flow	1,564	45	1,609
At 31 December 2013	2,576	(368)	2,208
Cash flow	1,296	44	1,340
At 31 December 2014	3,872	(324)	3,548

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

We have audited the parent company financial statements of Billington Holdings Plc for the year ended 31 December 2014 which comprise the parent company balance sheet, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Billington Holdings plc for the year ended 31 December 2014.

John Bowler
Senior Statutory Auditor

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

23 March 2015

Parent company balance sheet as at 31 December 2014

	Note	2014		2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	5		6,308		6,338
Investments	6		1,300		1,300
			7,608		7,638
Current assets					
Debtors falling due within one year	8	103		91	
Cash at bank and in hand		3,913		2,583	
		4,016		2,674	
Creditors: amounts falling due within one year	9	(4,087)		(3,070)	
Net current liabilities			(71)		(396)
Total assets less current liabilities			7,537		7,242
Creditors: amounts falling due after more than one year	10		(279)		-
			7,258		7,242
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		(910)		(909)
Profit and loss account	13		4,879		4,862
Shareholders' funds	14		7,258		7,242

The parent company financial statements were approved and authorised for issue by the Board of Directors on 23 March 2015.

P.K. Hems
Chairman

T.M. Taylor
Finance Director

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

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 2014

1. Profit on ordinary activities

Profit on ordinary activities is stated after:	2014	2013
	£'000	£'000
Depreciation	92	86
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	5
other services	16	2
Operating lease charges	42	50

2. Directors and employees

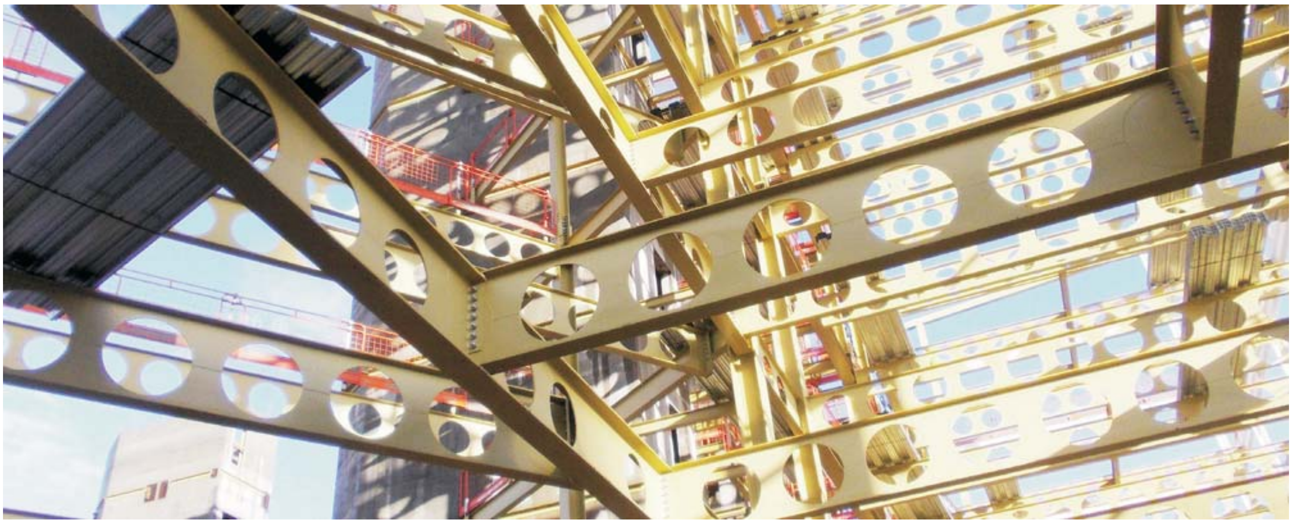
Staff costs during the year including directors:	2014	2013
	£'000	£'000
Wages and salaries	943	849
Social security	116	96
Pension costs	40	25
	1,099	970
Redundancy costs	-	4
	1,099	974

The average number of employees of the company during the year was 13 (2013 - 12).

Remuneration in respect of directors was as follows:	2014	2013
	£'000	£'000
Aggregate emoluments	546	46
Company pension contributions to a defined contribution scheme	21	16

During the year no directors (2013 - no directors) participated in defined benefit pension schemes and two directors (2013 - one director) participated in a defined contribution pension scheme.
During the year no directors (2013 - no directors) exercised share options.

The amounts set out above include remuneration in respect of the highest paid director as follows:	2014	2013
	£'000	£'000
Aggregate emoluments	247	253
Company pension contributions to a defined contribution scheme	-	-



3. Dividends

A final dividend has been proposed in respect of 2014 of 3.0 pence per ordinary share (£388,000). As the distribution of dividends by Billington Holdings Plc requires approval at the shareholders' meeting, no liability in this respect is recognised in these financial statements.

4. Profit for the financial year

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

The profit on ordinary activities after taxation of the company for the year was £17,000 (2013: loss £446,000 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 2014	6,549	426	6,975
Additions	12	50	62
At 31 December 2014	6,561	476	7,037
Depreciation			
At 1 January 2014	280	357	637
Charge for year	54	38	92
At 31 December 2014	334	395	729
Net book value at 31 December 2014	6,227	81	6,308
Net book value at 31 December 2013	6,269	69	6,338

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

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

6. Investments

	Shares in subsidiary undertakings	Loans to subsidiary undertakings	Total
	£'000	£'000	£'000
Cost			
As at 1 January and 31 December 2014	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

	2014	2013
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	9	25
Other debtors	30	29
Prepayments and accrued income	54	25
Deferred tax asset	10	12
	103	91

9. Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Bank loans and overdrafts	45	368
Trade creditors	315	226
Amounts owing to group undertakings	3,394	2,127
Social security and other taxes	37	35
Accruals and deferred income	269	277
Current taxation	27	37
	4,087	3,070

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

	2014	2013
	£'000	£'000
Bank loans	279	-
Analysis of loans		
Included in current liabilities	(45)	(368)
Wholly repayable within five years	324	368
	279	-
Loan maturity analysis		
In more than one year but not more than two years	279	-

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% (2013 - 21%).

	2014	2013
	£'000	£'000
Accelerated capital allowances	10	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.

12. Called up share capital

	2014		2013	
	Number of shares	£'000	Number of shares	£'000
Authorised				
Ordinary shares of 10p each	27,500,000	2,750	27,500,000	2,750
Allotted and fully paid				
Ordinary shares of 10p each	12,860,959	1,286	12,860,959	1,286
"A" ordinary shares of 10p each	73,368	7	73,368	7
	12,934,327	1,293	12,934,327	1,293

During the year no "A" ordinary shares were converted into ordinary shares (2013 - 330).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2014 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 2014	1,864	132	(909)	4,862
Profit for the year	-	-	-	17
ESOP movement in year	-	-	(1)	-
At 31 December 2014	1,864	132	(910)	4,879

The profit and loss account includes non-distributable reserves of £1,342,000 (2013 - £1,354,000) relating to the consolidated reserves of the ESOP.

14. Reconciliation of movements in shareholders' funds

	2014	2013
	£'000	£'000
Profit/(loss) for financial year	17	(446)
ESOP movement in year	(1)	-
Net increase/(decrease) in shareholders' funds	16	(446)
Shareholders' funds at 1 January 2014	7,242	7,688
Shareholders' funds at 31 December 2014	7,258	7,242

15. Ultimate controlling related party

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

16. Operating lease obligations

	2014		2013	
	Other	Land & buildings	Other	Land & buildings
	£'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	-	29	-	38
	-	29	-	38

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 £40,000 (2013 - £25,000).

Defined contribution schemes accounted for £40,000 (2013 - £25,000) of this amount with £nil (2013 - £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 (2013: £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 (2013: £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.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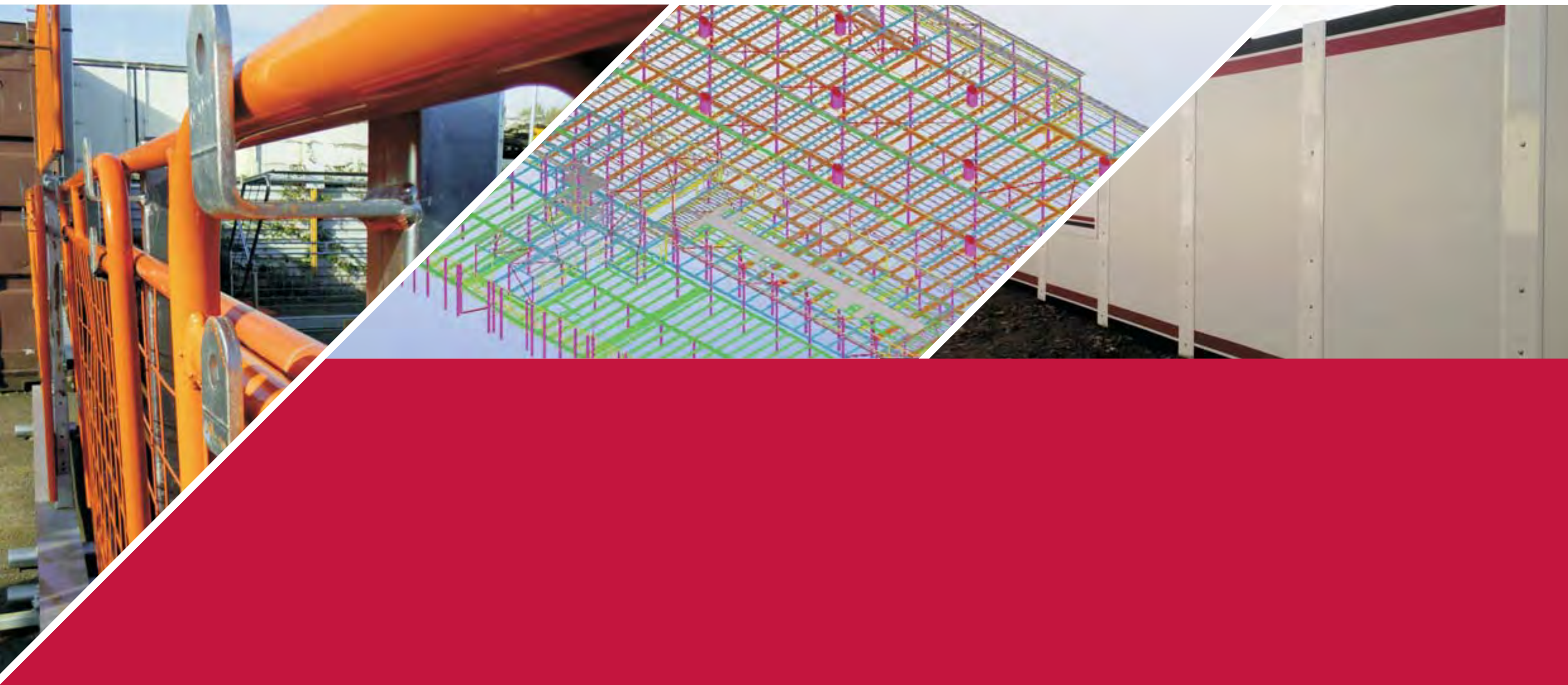

billington holdings plc

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