BILLINGTON HOLDINGS PLC

Company number: 02402219

Report and Financial Statements

For the year ended

31 December 2016

BILLINGTON HOLDINGS PLC

Annual report and financial statements for the year ended 31 December 2016

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BILLINGTON HOLDINGS PLC

Chairman's Statement

Introduction

I am pleased to report that the 2016 full year results show an incremental improvement over those for the previous year and are significantly ahead of the original market expectations, set at the start of the 2016 financial year.

The structural steel business has been working at, or near, capacity for most of the year, with overall volumes at a similar level to 2015, and has achieved high levels of efficiency which has translated into profit. The gradual phasing in of the Shafton facility shall further increase the capacity available and present the Group further business opportunities in which to expand the range of services it is able to offer its customers.

Peter Marshall Steel Stairs has focussed on a smaller number of large projects during the year which has resulted in higher revenue, improved efficiencies and consequent improvements in profit contribution. A new saw and drill line has been installed at the factory which will further assist efficiency, and the division is currently looking at a forward order book through to June 2017.

The easi-edge safety barrier division has been operating at high levels of activity for much of the year, which has resulted in an improved profit contribution. There have been developments during the year to improve the maintenance and refurbishment processes for the existing barrier fleet, and the division continues to develop a new barrier design as it looks to expand its current product range.

The hoard-it business, which was transferred to a separate legal entity during the year, has further consolidated its position with continued growth and an expanded client base. The division now provides nationwide coverage for its customers, having strengthened its site teams and fitting capabilities.

Results

The profit after tax for the year, from continuing operations, was £3.0 million on revenue of £63.3 million, compared with a profit of £2.4 million on revenue of £56.7 million in the previous year.

The overall earnings per share for the year amounted to 25.4 pence compared with 21.1 pence in 2015, demonstrating the Company's improved performance.

Dividend

I am pleased to announce that the Board is proposing a dividend of 10.0 pence per share.

This represents a significant increase in the level of dividend paid in 2016 and, provided the Company has adequate cash resources to do so, the intention is that the Company will continue to make similar levels of distribution in future years.

Liquidity and capital resources

There has been a net cash inflow of £3.4 million during the year resulting in cash balances of £6.0 million at the year-end, which, together with the bank overdraft facilities, will provide adequate funds to cover the projected working capital requirements of the Group.

Shafton

During 2016 significant progress has been made at the Shafton site. Shafton Steel Services was launched to provide steel profiling and processing services, both internally for Group companies and to its own external customer base. A programme of work has been implemented to upgrade and overhaul the site facilities including the plant and machinery that was acquired, as well as to improve general working practices. Additional capacity will become available during 2017, as some of the tenants vacate the site at the end of the first quarter, thus providing space to enable the Group to expand its operations accordingly.

Prospects

2016 was a particularly successful year for the Group and it is anticipated that we will see similar levels of productivity in 2017. The current order books across the Group are robust with work secured through to the latter part of the year. There has been some improvement in margins during 2016, aided by operational efficiencies, and although margins remain competitive it is hoped that there will be further improvements in 2017. The Group will also be able to further consolidate and expand operations in the second half of the year as the additional facilities at Shafton become available.

Employee Share Option Scheme

A new share option scheme was introduced in January 2017 for senior and long serving employees to provide employees with the opportunity to share in the future success of the business.

Management and workforce

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

Peter Hems
Non Executive Chairman
20 March 2017

Operational Review

The Group has had a successful year, yet again, achieving both revenue and operating profit growth throughout the period, which increased approximately 12 per cent and 24 per cent year on year, respectively. This growth has been supported by a strong order book, improved operational efficiencies, and the continuous delivery of high quality projects.

All Group divisions have performed positively, in particular, the increased output from Billington Structures has significantly contributed to improved revenues for the year. In addition, the continued progress being made at the Shafton site is expected to drive future growth, over the medium to long term, in the Company's structural steelwork divisions.

Throughout the year, Billington has continued to win and deliver a number of high profile projects, some of which have been recognised by industry bodies and received awards.

The UK construction industry has seen steady growth this year with the Company maintaining a good order book well into 2017. These current market conditions have enabled the Group to explore expansion opportunities both within and outside the UK. In addition, the stability of the UK's steel industry, has improved following the sale of Tata Steel's Long Products division to Greybull Capital, now known as British Steel, in June 2016.

Billington is encouraged by the significant progress and positive growth that has been made at all divisions and, following a good start to the year, the Company expects 2017 to be another strong year with a focus on maintaining the excellent work rate and progress made in 2016. The Board, and I, look forward to another busy year.

Billington Structures

Billington Structures, with sites in Barnsley and Bristol, designs, fabricates and erects structural steel across all sectors. It is a nationally recognised and award winning steelwork contractor with over 60 years experience.

The division fabricated approximately 25,000 tonnes of steel in 2016, a similar tonnage to the previous year.

The major jobs that commenced during the year included:

- IKEA, Sheffield
- RAF Marham, Norfolk
- Brunel Place, Slough
- Romford Leisure Centre, Romford
- Redrock Retail Park, Stockport
- Project Beagle (Interserve's new Head Office), Birmingham

In addition to these projects, Billington Structures received a commendation for the Diamond Engineering Building for Sheffield University in the 2016 Structural Steel Design Awards and the Greenwich Peninsula Energy Centre was Highly Commended at the Yorkshire Structural Engineering Excellence Awards.

The success of these jobs highlights the positive performance of Billington Structures throughout the year, and the installation of a new saw and drill line at the Wombwell facility, in Barnsley, significantly contributed to the timely completion of projects.

During 2016 steel prices increased significantly, with further price rises noted at the beginning of 2017. These rises have had an impact on the pricing of contracts, and the ability to ensure margins are maintained. In addition, the market remains competitive, especially on contracts of a relatively simple nature. However, larger and more technically challenging prospects continue to be evident in the market and present opportunities to yield an improved margin.

Billington Structures prides itself on the technical and engineering talents of its employees and this resource continues to add value to clients' projects. In addition, following a significant expansion to the technical department at both the Barnsley and Bristol facilities, the division's success in Design and Build projects is particularly encouraging. The Company will continue to focus on this area of work and it remains committed to delivering technically excellent engineering solutions for customers.

Billington Structures has seen a positive start to 2017, with projects confirmed until the end of 2017, and into 2018. The Board is confident in the project pipeline which contains a number of positive prospects.

Shafton Steel Services

The large Shafton site, which was acquired in December 2015 as part of the Company's long term growth strategy, is located five miles from Billington's Head Office in Barnsley and houses state of the art steel processing and profiling facilities. The division offers an extensive range of services to the UK and overseas engineering and fabrication markets.

Shafton Steel Services, a division of Billington Structures, was launched to the market in January 2016 and it has had a successful first year. During the year, there was a focus on improving operational efficiencies, recruiting a high-quality workforce and conducting health and safety improvements. These programmes included upgrading and maintaining machinery, ongoing office refurbishments and site improvements which helped increase the number and scale of activities that are carried out at Shafton. The work undertaken has ensured that the division starts 2017 in an excellent position.

The site currently holds a number of tenants, some of which will be vacating the premises at the end of March. This will enable Billington to begin a three-month facility adaptation programme, with the aim to be fully operational in the second half of 2017, with steady, incremental expansion anticipated. In addition, further capital expenditure is envisaged on the site over the next two years to ensure the maximum potential of the facility is realised.

Even though Shafton isn't fully operational it is already providing benefits to the Group and contributing to the steel processing and fabricating capabilities of Billington Structures, as well as helping to broaden the Group's client base.

2017 is expected to be a busy year for Shafton, with the full impact of the facility being seen over the medium to long term. The initial benefits of the site will continue to materialise as they have done over the past year.

I would like to thank our new customers of Shafton Steel Services for their support and I look forward to offering an enhanced range of processing services in the future.

Tubecon

Tubecon, a division of Billington Structures, is a specialist in complex steel structures, operating primarily in the UK construction and rail infrastructure markets.

The division continues to add value to Billington's steelwork operations and, throughout the year, it has provided exciting opportunities and architectural steelwork for the Group.

Tubecon received a commendation for the 6 Bevis Marks Roof Garden Project in London in the 2016 Structural Steel Design Awards.

Peter Marshall Steel Stairs

Peter Marshall Steel Stairs is a specialist company engaged in the design, fabrication and installation of highly engineered steelwork, staircases and balustrade systems.

The division has had a successful year with further steady progress being made. This progress has been supported by the installation of a new saw and drill line, providing improved production efficiencies and an increase in the scope and degree of work carried out. Additional benefits have also been realised through a strengthened technical department.

A number of large jobs have been carried out throughout the year which include:

- The White City Shopping Development, London
- Jaguar Land Rover, Solihull
- Nicepak, Wigan
- Templeborough Energy from Waste Facility, Rotherham
- RAF Shawbury, Shawbury

A focus on a smaller number of larger projects has resulted in the division significantly increasing revenue in the period and further improvements in profitability have also been noted.

Peter Marshall Steel Stairs is well positioned for 2017 with a strong order book through to June of this year. This division provides Billington with the ability to supply a complete project, as well as an integrated structural steel offering, and is expected to continue to contribute to the success of the Group.

easi-edge

easi-edge is a leading safety solutions provider which primarily supplies perimeter edge protection and fall prevention systems to both Group and non-group companies.

The Shafton facility has provided the division with the ability to refurbish and maintain its existing barriers to increase longevity, a process which is expected to take approximately two years. This is expected to be beneficial to easi-edge as demand for safety solutions increases.

In addition to this refurbishment, the division is developing a new safety barrier which is due to be released to market in mid 2017. This new barrier provides easi-edge with fleet expansion capabilities and will also help to meet demand.

A number of significant jobs in the year include:

- Alperton School, London
- Marischale Square, Aberdeen
- MSCP Multi Storey Car Park, Warrington
- Scotland Street, Sheffield
- Wellington Place, Leeds

The division has delivered an exemplary year in 2016 with good utilisation and has made a strong start to 2017. easi-edge will continue to focus on the delivery of the new barrier as it also looks to review and expand its current product range.

hoard-it

hoard-it, which provides reusable and eco-friendly site hoarding solutions on a hire and sale basis, was previously a division of easi-edge that transferred to a separate legal entity from 1 April 2016.

The division has seen continued growth throughout the year and has strengthened its client base, which now includes the majority of the Tier 1 principal contractors. hoard-it has also increased and strengthened its site teams and fitting capabilities and can now truly provide nationwide coverage for its customers.

Notable jobs carried out during the year include:

- St James Retail Re-Development, Edinburgh
- Clippers Quay, Salford
- Redrock Retail Development, Stockport
- A New Arena, Birmingham

During 2017, hoard-it will carry out ongoing reviews of business opportunities and continue to advance and improve its offering through the development of ancillary products.

Health, Safety, Sustainability, Quality and the Environment

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

It is disappointing that the Company incurred four reportable accidents in the year. Measures have been implemented to further improve the culture and working practices at all facilities and on each construction site the Company conducts its activities.

Charity

I am pleased to note that in 2016 the Group set up a formal mechanism for charitable giving, through which all fundraising activities, from across the Group, are directed.

Billington is dedicated to supporting local and national charities, and throughout the year the Group has carried out a number of fundraising activities. These activities included a Christmas jumper event, which raised £1,500 for the Bluebell Wood Children's Hospice, and donating funds to support local children's football teams, the Scawthorpe Scorpions and the Hoyland Common Falcons.

In addition, the Company began an annual tradition of hosting an employees and family hog roast event at both the Bristol and Barnsley offices. These events raised £500 for St. Peter's Hospice and £1,500 for Barnsley Hospice.

People

The Company is committed to the growth and development of its workforce and adopts a number of initiatives and programmes to support employee progression.

In 2016, Billington strengthened its factory and office base workforce with staff numbers increasing across all divisions, the Company intends to further increase its workforce with the planned employment of additional labour at the Shafton site and the expansion of the technical and professional teams at the Bristol office.

The Group acknowledges the current skills shortage in the industry and will aim to minimise the impact of this on its businesses. As part of this strategy, Billington continues to employ and train apprentices as the Group understands that not only will they contribute to reducing this skills shortage but, they will also play a major role in the growth of the business. This year we were delighted to announce that one of Billington Structures' apprentices became the first ever apprentice to be awarded the BCSA CRAFT Structural Steelwork Fabricator Welder Certificate.

The Group also supports local colleges, and this year sponsored the Construction Award at the Barnsley College Excellence Awards.

Steel Industry

Steel material prices have increased since last year and Billington is looking forward to a period of steel price stability in 2017. The increase in prices has had a small impact on business operations and the Group has adopted mitigation measures that have helped to protect the Company in this rising steel price environment.

The UK steel industry has undergone an important transition this year with the sale of Tata Steel's Long Products division to Greybull Capital, on 1 June 2016. Since the sale, a turnaround strategy was announced with the division being rebranded as British Steel and, after a positive start, it announced a return to profitability within its first 100 days.

Billington was pleased to see the British Steel brand re-emerge and continues to have a strong relationship with the company. British Steel has been a key partner of Billington, providing it with over 375,000 tonnes of steel, predominately steel sections, since 1993. The market for steel supply remains competitive and the Company is committed to ensuring solid supply chain relationships to ensure best value is maintained for the business.

Operational Review (continued)

Outlook

The prevailing market conditions have been steady throughout 2016 and the initial concern surrounding the Brexit vote did not mature in to the drop off in trade that may have been anticipated. In addition, the directors do not believe Brexit will have a negative impact on the Company's progress in 2017, as the Group's order book remains robust and many positive tender opportunities remain evident.

The exchange rate environment, since the Brexit vote, has provided the Group with the opportunity to recommence the assessment of expanding its operations into Europe, which is something that Billington will continue to review in the coming year.

The benefits provided by the Shafton facility will continue to be seen throughout 2017. The full impact of the acquisition will materialise in the medium to long term when the site is fully operational and supporting the Company's structural steel operations. The Shafton site will also provide Billington with the ability to develop further business opportunities that will complement the existing business model.

2016 has been an extremely successful year for Billington and the Company is confident it will see more of the same productivity over this coming year.

Finally, I would like to take this opportunity to thank the Board, our employees, our stakeholders and our shareholders for their continued support and for helping to make 2016 such a successful year.

Mark Smith
Chief Executive Officer
20 March 2017

Financial Review

Consolidated Income Statement

	2016	2015
	£'000	£'000
Revenue	63,334	56,748
Operating profit	3,825	3,084
Profit before tax	3,803	3,110
Profit after tax	2,971	2,444
Profit for shareholders	2,971	2,444
Earnings per share (basic and diluted)	25.4p	21.1p

Revenue has increased 12 per cent year on year primarily as a result of Billington Structures increasing its output, particularly in relation to its traditional structural steelwork activities. The Group has seen revenue increase 40 per cent over the previous two years and, with the acquisition of the Shafton facility, is confident of further growth.

Forecasts indicate that the consumption of structural steelwork within the UK increased by four per cent in 2016 to 902,000 tonnes. Projections are that consumption will remain at or around this level for the next two years and thus allows the Group to look forward with an increased degree of optimism.

Operating margins improved to 6.0 per cent, against 5.4 per cent in 2015. Margins have improved as a result of an increase in the level of work and the recovery of its overhead base against projects as well as a continued focus on the planning and operating efficiencies of all of the Group's facilities.

Operating margins have not returned to pre-recession levels and it is not anticipated they will in the short term. Steady, progressive improvement is expected as the economy continues to progress.

Earnings per share improved from 21.1p in 2015 to 25.4p in 2016.

Staff numbers as at December have increased 7.0 per cent, from the same period last year, to 361 as the Group continues to increase its activities across all divisions. Employment of additional labour as the newly acquired Shafton facility is adapted for optimum use is anticipated over the short to medium term.

The purchase of the Shafton facility is not anticipated to have a material impact on the trading result of the Group in 2017 while the facility is being adapted for optimum production and certain tenants, who occupy particular areas of the site, vacate at the expiry of their leases.

Consolidated Balance Sheet

	2016	2015
	£'000	£'000
Non current assets	14,321	14,166
Current assets	21,479	18,494
Current liabilities	(14,996)	(13,800)
Non current liabilities	(2,005)	(2,492)
Total equity	18,799	16,368

Capital expenditure decreased in the year to £1,277,000 from £6,111,000 in 2015, more akin to the levels noted prior to the acquisition of Shafton in December 2015. The Group aims to continually ensure that capital expenditure is maintained at a level appropriate for the business and to ensure it remains at the forefront of technical advancements in its industries.

Financial Review (continued)

Consolidated Balance Sheet (continued)

Capital expenditure in the year consisted of the purchase of a saw and drill line at the Billington Structures Wombwell facility as well as the continual programme of upgrading and enhancing the Group's hoarding and safety barrier fleets.

Within non-current assets, property, plant and equipment decreased by £12,000, and deferred tax assets decreased by £11,000. Net disposals were £35,000 and depreciation was £1,254,000. The balance of the movement is as a result of a surplus on the defined benefit pension scheme, which increased by a further £178,000 in the year.

The increase of £2,985,000 in current assets included a decrease of £703,000 in inventories, an increase of £266,000 in trade and other receivables, and an increase in the cash balance of £3,422,000.

The total rise of £1,196,000 in current liabilities principally comprised an increase in trade and other payables of £596,000 as the businesses enjoyed an improvement in workflow towards the latter part of the year. Combined with the increase in trade and other payables, there was an increase in the tax payable of £414,000.

A property loan of £469,000 was taken out in 2011 to purchase the trading premises of Peter Marshall Steel Stairs; repayments made against the balance in the year were £45,000 and the outstanding balance of £234,000 is reflected in current liabilities. A mortgage of £2,500,000 was taken over 10 years in 2015 to purchase the land and buildings at Shafton; £250,000 is reflected in current liabilities with £2,000,000 disclosed in non-current liabilities.

Total equity increased by £2,431,000 in the year to £18,799,000; this is particularly encouraging and provides a degree of optimism with which to move forward. The financial position of the Group at the end of the year remains robust and provides a platform from which the Group can further increase shareholder value.

Consolidated Cash Flow Statement

	2016	2015
	£'000	£'000
Result for shareholders	2,971	2,444
Depreciation	1,254	1,097
Capital expenditure	(1,277)	(6,111)
Tax paid	(376)	(350)
Tax per income statement	832	666
(Increase)/decrease in working capital	1,033	(995)
Additional pension contributions	(123)	(123)
Dividends	(738)	(347)
Net property loan movement	(295)	2,469
Others	141	(11)
Net cash inflow/(outflow)	3,422	(1,261)
Cash at beginning of year	2,611	3,872
Cash at end of year	6,033	2,611

Dividends were paid in the year at a cash cost of £738,000, representing six pence per share. The ability of the Group to convert profits into cash has been encouraging and provides the Group with cash balances with which to increase working capital associated with increased activity levels if required.

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

Financial Review (continued)

Consolidated Cash Flow Statement (continued)

Working capital was as shown below:

	2016	2015
	£'000	£'000
Inventories	9,865	10,568
Accounts receivable	5,581	5,315
Accounts payable	(13,940)	(13,344)
Working capital at end of year	1,506	2,539

Cash balances at the year-end totalled £6,033,000 and there were property and hire purchase loans outstanding of £2,492,000. It is pleasing to note the satisfactory cash position of the Group. Consistent and positive trading performance, combined with effective working capital management, will ensure that cash balances are further maintained and improved.

Business volumes are forecast to further increase, and with a programme of capital expenditure, primarily at our Shafton facility, a robust cash position in combination with adequate, agreed banking facilities will allow these objectives to be realised.

Pension Scheme

	2016	2015
	£'000	£'000
Scheme assets	7,976	7,114
Scheme liabilities	(6,830)	(6,146)
Surplus	1,146	968
Other finance income	38	33
Contributions to defined benefit scheme	123	123

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 encouraging to note that the position of the scheme as at the year-end continues to show signs of steady improvement. Although liabilities have increased in the year, primarily as a result of the continued fall in Government gilt rates, it is pleasing that the investments have performed well over the same period.

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. £123,000 of additional contributions were made to the scheme in 2016.

Employee Share Option Plan (ESOP)

During the year, the Group has implemented a new ESOP using shares that were contained in a previous trust but had laid dormant for a number of years. Options were issued across the Group to allow employees to share in the future continued success of the Group, promote productivity and provide further incentives to recruit and retain employees.

Options were issued based on seniority and length of service across all parts of the Group.

The charge included within the accounts in respect of issued options is £71,000.

Trevor Taylor
Finance Director
20 March 2017

BILLINGTON HOLDINGS PLC

Directors, Secretary and Registered Office

Directors

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

Secretary

L.S. Holloway

Registered Office

Steel House
Barnsley Road
Wombwell
Barnsley
South Yorkshire
S73 8DS

Registered in England : Company Number - 02402219

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

1. Results and dividends

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

A final dividend in respect of 2015 of 6.0 pence per share was paid on 1 July 2016. No interim dividends were paid in 2016. The directors propose to pay a dividend of 10.0 pence per share on 7 July 2017 to shareholders on the register on 9 June 2017.

2. Financial risk management objectives and policies

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

Foreign currency risk

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

Interest rate risk

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

Liquidity risk

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

Credit risk

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

3. Directors

All directors appointed at the year end served throughout the year.

In accordance with the Articles of Association Mr M. Smith and Mr T.M. Taylor retire and offer themselves for re-election.

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

	Billington Holdings Plc ordinary 10p shares			
	31 December 2016		1 January 2016	
	Shares	Options	Shares	Options
P.K. Hems	15,000	-	15,000	-
M. Smith	5,000	34,917	5,000	-
T.M. Taylor	6,000	34,917	6,000	-
S.G.T. Fareham	17,603	-	17,603	-
J.S. Gordon	357,270	-	357,270	-
Dr. A. Ospelt	-	-	-	-

4. Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and have elected to prepare parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" .

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently
- to make judgements and accounting estimates that are reasonable and prudent
- to state whether applicable International Financial Reporting Standards as adopted by the European Union/UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- and to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that

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

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

5. Going concern

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

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

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

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

6. Auditor

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

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

L.S. Holloway
Secretary
Billington Holdings Plc
Company Number - 02402219
20 March 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

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 as well as providing site hoarding systems through hoard-it Limited. The parent Company acts as a holding company providing management services to its subsidiaries.

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

2. Key non-financial performance indicators

	2016	2015
Production efficiency	116%	119%
Hire stock utilisation	84%	80%
Accidents (own employees) - reportable	4	2
Employee numbers	340	296
Apprentice intake	4	5
Staff turnover (excluding restructuring)	12%	12%

3. Principal Risks and Uncertainties

Contract risk

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

Health and safety

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

Economic environment

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

Credit risk

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

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

4. Disabled persons

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

5. Employee involvement

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

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

L.S. Holloway
Secretary
Billington Holdings Plc
Company Number - 02402219
20 March 2017

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

We have audited the financial statements of Billington Holdings Plc for the year ended 31 December 2016 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 parent company statement of financial position, the parent company statement of changes in equity, the principal accounting policies and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the 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 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 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 financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Report of the directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Report of the directors.

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.

Grant Thornton UK LLP

Donna Steel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

20 March 2017

BILLINGTON HOLDINGS PLC

Consolidated income statement for the year ended 31 December 2016

	Note	2016		2015	
		£'000	£'000	£'000	£'000
Revenue, excluding movements in work in progress			64,291		54,762
(Decrease)/increase in work in progress			(957)		1,986
Revenue	2		63,334		56,748
Raw materials and consumables		39,470		36,172	
Other external charges		4,208		3,537	
Staff costs	3	12,903		11,079	
Redundancy	3	-		20	
Depreciation	2	1,254		1,097	
Other operating charges		1,674		1,759	
			(59,509)		(53,664)
Group operating profit			3,825		3,084
Share of post tax profit in joint ventures	23		-		-
Total operating profit			3,825		3,084
Net finance (expense)/income	4		(22)		26
Profit before tax	2		3,803		3,110
Tax	5		(832)		(666)
Profit for the year			2,971		2,444
Profit for the year attributable to equity holders of the parent company			2,971		2,444
Earnings per share (basic and diluted)	7		25.4 p		21.1 p

All results arose from continuing operations.

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

BILLINGTON HOLDINGS PLC

Consolidated statement of comprehensive income for the year ended 31 December 2016

	Note	2016	2015
		£'000	£'000
Profit for the year		2,971	2,444
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit surplus	21	17	(66)
Movement on deferred tax relating to pension liability	16	(1)	(5)
Current tax relating to pension liability	5	32	32
Other comprehensive income, net of tax		48	(39)
Total comprehensive income for the year attributable to equity holders of the parent company		3,019	2,405

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

BILLINGTON HOLDINGS PLC

Consolidated balance sheet as at 31 December 2016

	Note	2016		2015	
		£'000	£'000	£'000	£'000
Assets					
Non current assets					
Property, plant and equipment	8		13,148		13,160
Pension asset	21		1,146		968
Investments in joint ventures	9, 23		-		-
Deferred tax asset	16		27		38
Total non current assets			14,321		14,166
Current assets					
Inventories and work in progress	11	9,865		10,568	
Trade and other receivables	12	5,581		5,315	
Cash and cash equivalents		6,033		2,611	
Total current assets			21,479		18,494
Total assets			35,800		32,660
Liabilities					
Current liabilities					
Current portion of long term borrowings	15	487		301	
Trade and other payables	13	13,940		13,344	
Current tax payable		569		155	
Total current liabilities			14,996		13,800
Non current liabilities					
Long term borrowings	14	2,005		2,492	
Total non current liabilities			2,005		2,492
Total liabilities			17,001		16,292
Net assets			18,799		16,368
Equity					
Share capital	18		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other reserve			(825)		(904)
Accumulated profits			16,335		13,983
Total equity			18,799		16,368

The Group financial statements were approved and authorised for issue by the Board of Directors on 20 March 2017.

P.K. HEMS Chairman

T.M. TAYLOR Finance Director

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

BILLINGTON HOLDINGS PLC

Consolidated statement of changes in equity for the year ended 31 December 2016

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

	Share capital	Share premium account	Capital redemption reserve	Other reserve - ESOP	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	1,293	1,864	132	(904)	13,983	16,368
Transactions with owners	-					
Dividends (note 6)	-	-	-	-	(738)	(738)
Credit relating to equity-settled share based payments	-	-	-	-	71	71
ESOP movement in year	-	-	-	79	-	79
Transactions with owners	-	-	-	79	(667)	(588)
Profit for the financial year	-	-	-	-	2,971	2,971
Other comprehensive income						
Actuarial loss recognised in the pension scheme	-	-	-	-	17	17
Income tax relating to components of other comprehensive income	-	-	-	-	31	31
Total comprehensive income for the year	-	-	-	-	3,019	3,019
At 31 December 2016	1,293	1,864	132	(825)	16,335	18,799

The Group accumulated profits reserve includes a surplus of £951,000 (2015 - £774,000) 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 2016

	Note	2016	2015
		£'000	£'000
Cash flows from operating activities			
Group profit after tax		2,971	2,444
Taxation paid		(376)	(350)
Depreciation on property, plant and equipment		1,254	1,097
Difference between pension charge and cash contributions		(123)	(123)
Share based payment charge		71	-
Profit on sale of property, plant and equipment		(228)	(197)
Taxation charge recognised in income statement		832	666
Net finance expense/(income)		22	(26)
Decrease /(increase) in inventories and work in progress		703	(2,096)
Increase in trade and other receivables		(266)	(235)
Increase in trade and other payables		596	1,336
Net cash flow from operating activities		5,456	2,516
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,277)	(6,111)
Proceeds from sale of property, plant and equipment		263	212
Net cash flow from investing activities		(1,014)	(5,899)
Cash flows from financing activities			
Interest paid		(60)	(7)
Proceeds of bank and other loans		-	2,514
Repayment of bank and other loans		(295)	(45)
Capital element of hire purchase payments		(6)	-
Dividends paid	6	(738)	(347)
Employee Share Ownership Plan share purchases	10	(37)	(3)
Employee Share Ownership Plan share sales	10	116	10
Net cash flow from financing activities		(1,020)	2,122
Net increase/(decrease) in cash and cash equivalents		3,422	(1,261)
Cash and cash equivalents at beginning of period		2,611	3,872
Cash and cash equivalents at end of period	24	6,033	2,611

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

These consolidated financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out below which comply with IFRS in issue as adopted by the European Union and are effective at 31 December 2016.

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 2016

The Group has not adopted any new standards or amendments that have a significant impact on the Group's results or financial position.

(b) Basis of consolidation

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

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

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

(c) Revenue

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

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

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

(c) Revenue (continued)

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, equipment and vehicles	5% to 40%

Investment property is carried at fair value determined annually by the directors by reference to current market rents and investment property yields for comparable properties. No depreciation is provided. Changes in fair value are recognised in retained earnings.

Impairment testing of property, plant and equipment

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

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

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

(e) Inventories and work in progress

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

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

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

(f) Taxation

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

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

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

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

(g) Retirement benefits

Defined Contribution pension schemes

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

Defined Benefit pension schemes

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

Actuarial gains and losses are recognised immediately in other comprehensive income. The gross surplus or deficit is presented on the face of the statement of financial position. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost, past service cost and costs from settlements and curtailments are charged against other operating charges. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance income/costs.

Short-term employee benefits, including holiday entitlement, are included in current pension and other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

(h) Leased assets

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

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

(i) Employee Share Ownership Plan(s)

The Group's Employee Share Ownership Plan(s) ("ESOP") are separately administered trusts. The assets of the ESOP(s) comprise shares in the company and cash. The assets, liabilities, income and costs of the ESOP(s) have been included in the consolidated financial statements as the Group exercises control over the ESOP(s) in accordance with the terms of the trust deed. The shares in the Company are included at cost to the ESOP(s) 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. The charge relating to share options is determined using the Black-Scholes model to asertain the fair value of the granted options. Details of the charge through the Consolidated Income Statement can be seen in note 3 to the Group financial statements.

(j) Foreign currencies

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

(k) Joint ventures

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

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

(l) Financial assets

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

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

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

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

(l) Financial assets (continued)

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

(m) Financial liabilities

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

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

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

(n) Cash and cash equivalents

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

(o) Dividends

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

(p) Equity

Equity comprises the following:

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

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

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

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

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

(q) Segmental reporting

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

(r) Standards and interpretations in issue not yet effective

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

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

Recognition of pension scheme surplus

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

Deferred tax asset

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

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

Estimation uncertainty

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

Construction contract revenue

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

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2016 management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in note 8.

Recognition of assets

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

Inventories

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

Defined benefit obligation

Management estimates the defined benefit obligation annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit obligation of £6,830,000 (2015: £6,146,000) is based on standard rates of inflation and appropriate mortality tables. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

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

(t) Capital management policies and procedures

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

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

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

1. Segmental information

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

2. Revenue and profit before tax

Revenue and profit before tax are attributable to the Group's continuing operations. During 2016 91%/£57.4 million (2015: 91%/£51.4 million) of revenue was derived from construction contracts. One customer included within the structural steel sector accounted for greater than 10% of the Group's revenue. This contractor accounted for 12% (2015: two contractors with 25% and 12%) of Group revenue.

Analysis of revenue by geographical area based on customer location:

Revenue from structural steel

	2016	2015
	£'000	£'000
United Kingdom	61,005	53,559
Rest of Europe	4	801
	61,009	54,360

Sales of services

	2016	2015
	£'000	£'000
United Kingdom	2,325	2,388

Profit before tax is stated after:

	2016	2015
	£'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	29	28
tax services	8	6
other services	4	23
Depreciation	1,254	1,097
Profit on disposal of property, plant and equipment	(228)	(197)
Operating lease charges:		
short term hire of plant and machinery	13	10
operating leases - other	172	202
operating leases - property	93	103

3. Directors and employees

Staff costs during the year including directors:

	2016	2015
	£'000	£'000
Wages and salaries	11,278	9,711
Social security	1,191	999
Pension costs	363	369
Share-based payments	71	-
	12,903	11,079
Redundancy	-	20
	12,903	11,099

The average number of employees of the Group during the year was 340 (2015 - 296).

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

	Salary and fees	Other emoluments	Pension	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000
Executive					
M. Smith	143	64	21	228	229
T.M. Taylor	114	53	17	184	194
Non-executive					
P.K. Hems	55	-	-	55	54
J.S. Gordon	35	1	-	36	35
S.G.T. Fareham	35	2	-	37	38
Dr. A. Ospelt	10	-	-	10	11
	392	120	38	550	561
Employer's NI				64	65
Key management personnel compensation				614	626
Short-term employee benefits				576	593
Long-term employee benefits				38	33
				614	626

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

During the year each of the executive directors received 9,917 share options related to the Inland Revenue approved share option scheme, exercisable at a price of £3.03 between the third and tenth anniversary of their grant.

During the year each of the executive directors received 25,000 share options related to the unapproved share option scheme, exercisable at a price of £1.515 between the third and tenth anniversary of their grant.

During the year no directors (2015 - no directors) exercised share options.

During the year no directors (2015 - no directors) participated in defined benefit pension schemes and two directors (2015 - two directors) participated in a defined contribution pension scheme.

4. Net finance (cost)/income

	2016	2015
	£'000	£'000
Payable on bank loans and overdrafts	(60)	(7)
Other finance income - pension scheme (see note 21)	38	33
Net finance (cost)/income	(22)	26

5. Tax on profit on ordinary activities

The tax charge represents:

	2016 £'000	2015 £'000
Corporation tax at 20% (2015 - 20.25%)	822	437
Adjustment in respect of prior years	-	-
Total current tax	822	437
Deferred tax charge - (note 16)	10	229
Total tax charge for the year	832	666

Tax relating to other comprehensive income:

	2016 £'000	2015 £'000
Corporation tax at 20% (2015 - 20.25%)		
Current tax credit relating to pension liability	(32)	(32)

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

The tax assessed for the year is at the standard rate of corporation tax in the United Kingdom of 20% (2015 - 20.25%). The differences are explained as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	3,803	3,110
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20% (2015 - 20.25%)	761	630
Effects of:		
expenses not deductible for tax purposes	89	68
adjustments to tax charge in respect of prior years	-	(51)
rate differences	(19)	19
other adjustments	1	-
Total tax charge for year	832	666

6. Dividends

A final dividend was paid in respect of 2015 of 6 pence per ordinary share (£776,000).

A final dividend has been proposed in respect of 2016 of 10 pence per ordinary share (£1,293,000). 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 £2,975,000 (2015 - profit - £2,444,000) by 11,715,526 (2015 - 11,585,041) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOP Trust.
There is no impact on a full dilution of the earnings per share calculation as there are no potential dilutive ordinary shares.

8. Property, plant and equipment

	Freehold property	Long leasehold property	Investment property	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2015	5,776	1,000	-	11,540	18,316
Additions	2,020	-	600	3,491	6,111
Disposals	-	-	-	(419)	(419)
At 1 January 2016	7,796	1,000	600	14,612	24,008
Additions	-	-	-	1,277	1,277
Disposals	-	-	-	(284)	(284)
At 31 December 2016	7,796	1,000	600	15,605	25,001

	Freehold property	Long leasehold property	Investment property	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Depreciation					
At 1 January 2015	472	-	-	9,683	10,155
Charge for year	54	-	-	1,043	1,097
Disposals	-	-	-	(404)	(404)
At 1 January 2016	526	-	-	10,322	10,848
Charge for year	77	-	-	1,177	1,254
Disposals	-	-	-	(249)	(249)
At 31 December 2016	603	-	-	11,250	11,853
Net book value at 31 December 2016	7,193	1,000	600	4,355	13,148
Net book value at 31 December 2015	7,270	1,000	600	4,290	13,160

Freehold property includes £3,994,000 in respect of land which is not subject to depreciation. Long leasehold property represents land which is not subject to depreciation.

All the Group's freehold properties have been charged to the bank to secure bank facilities.

Investment property is held at fair value and is subject to measurement by the directors at each statement of financial position date by reference to recent valuations by an independent professional valuer, current market rates and yields for comparable properties.

9. Investments

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

The subsidiary undertakings and joint ventures are as follows:

	Activity	Proportion of shares held by	
		Group	Company
		%	%
Continuing			
Billington Structures Limited	Structural steel	100	100
easi-edge Limited	Safety solutions	100	100
Peter Marshall Steel Stairs Limited	Structural steel	100	100
hoard-it Limited	Site hoarding solutions	100	100
Billington Fleet Management Limited	Dormant	100	100
Shafton Steel Limited	Dormant	100	100
Shafton Steel Services Limited	Dormant	100	100
Tubecon Limited	Dormant	100	100
Amco Corporation Limited	Dormant	100	100
Joint ventures			
BS2 (2011) Limited	Structural steel	50	-

10. Share based payments

The Employee Share Ownership Plan ("the Trust") was established by Deed dated 25 September 1991 between Billington Holdings plc ("the Company") and Ocorian Trustees (Jersey) Limited ("the Trustee") (previously Bedell Trustees Limited). It is an employee benefit trust established for the benefit of the bona fide employees of the Company and other Group companies ("the Beneficiaries"). The Trust is a discretionary trust whose assets at present are shares in the Company and cash, although there are wide investment powers in the hands of the Trustee, who has full power to distribute the assets as it deems fit to the Beneficiaries.

The Trust was established in contemplation of the operation of any Inland Revenue approved or unapproved share scheme and in this regard an unapproved share option scheme over shares in the Company was set up on 21 February 1992 and other approved or unapproved share schemes may be set up in the future.

Administration costs amounted to £15,000 during the year.

On the 14 December 2015 a new Employee Share Ownership Trust was establised and operated by Ocorian Trustess (Jersey) Limited on behalf of the employees and former employees of Billington Holdings Plc and its subsidiaries. On 7 January 2016 700,000 ordinary shares of 10p each were transferred from the existing Trust established 25 September 1991 for the issuing of future options to employees of the Group.

As of 31 December 2016 the Trusts held 885,919 (2015 - 1,345,869) ordinary shares of 10p each in the capital of the company (6.85% of the allotted share capital (2015 - 10.41%)). The market value of the shares in the ESOP Trusts at 31 December 2016 was £2,170,502 (2015 - £4,205,840).

Dividends are not waived in respect of the 1991 scheme, which holds 185,919 shares at the year end. Dividends are waived is respect of the 2015 scheme, which holds 700,000 shares at the year end.

10. Share based payments (continued)

During the year ended 31 December 2016, the Group had two share-based payment arrangements. Under both arrangements the options are granted with a fixed exercise price, are exercisable three years after the date of grant and expire ten years after the date of grant. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Group until exercise, otherwise the awards lapse. On exercise of the options by the employees the Company issues shares held in trust by the Billington Holdings ESOP Trusts.

	Number of shares		Weighted average exercise price	
	2016	2015	2016	2015
	No.	No.	£	£
Granted	310,261	-	2.79	-
Lapsed	(20,224)	-	3.03	-
Outstanding at 31 December	290,037	-	2.77	-

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to this scheme. The following inputs were used:

	2016
Share price at date of grant	303p
Weighted average exercise price	277p
Expected volatility	25.0%
Expected dividends	Nil
Risk free rate	1.5%
Expected option life	3 years

The underlying volatility was determined by reference to historical data of the Company's shares over a period of time since its flotation. No special features inherent to the options granted were incorporated into measurement of fair value.

The total charge for the year was £71,000.

11. Inventories and work in progress

	2016	2015
	£'000	£'000
Raw materials	907	653
Work in progress	8,958	9,915
	9,865	10,568

Raw materials and consumables recognised as an expense in the Income Statement for the year ended 31 December 2016 totalled £39,466,000 (2015 - £36,172,000).

There are no provisions against the value of inventories at the balance sheet date (2015: £nil).

No reversal of previous write-downs was recognised as a reduction of expense in 2015 or 2016. None of the inventories are pledged as securities for liabilities.

12. Trade and other receivables

	2016	2015
	£'000	£'000
Amounts due from structural steel customers:		
- Trade receivables	2,939	2,612
- Retentions due within one year	1,251	839
- Retentions due after one year	747	515
Total	4,937	3,966
Other receivables	200	983
Prepayments and accrued income	444	366
	5,581	5,315

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 £494,000 (2015: £507,000) has been recorded accordingly. The amount charged to the consolidated income statement for the year in relation to bad debts was £72,000 (2015:£355,000).

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

	2016	2015
	£'000	£'000
Balance at 1 January	507	265
Impairment loss	-	242
Impairment loss reversed	(13)	-
Balance at 31 December	494	507

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:

	2016	2015
	£'000	£'000
Not more than three months	670	459
More than three months but not more than six months	263	202
More than six months but not more than one year	24	-
	957	661

13. Trade and other payables

	2016	2015
	£'000	£'000
Trade payables	10,348	11,153
Social security and other taxes	1,599	490
Other payables	819	636
Accruals	1,174	1,065
	13,940	13,344

14. Long term borrowings

	2016	2015
	£'000	£'000
Property loans (note 15)	2,484	2,779
Hire purchase		
less than one year	3	6
between one and two years	3	4
between two and five years	2	4
	2,492	2,793

15. Property loans

	2016	2015
	£'000	£'000
Loans at commercial rates -		
due within one year	484	295
repayable within five years	2,000	2,484
	2,484	2,779

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

16. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 17% (2015 - 20%).

	2016	2015
	£'000	£'000
Deferred tax asset recognised in income statement		
At 1 January	232	461
Charged in the year	(10)	(229)
At 31 December	222	232
Accelerated capital allowances	(5)	36
Other temporary differences	227	196
	222	232
Deferred tax asset recognised in other comprehensive income		
Pension surplus	(195)	(194)
Total deferred tax asset	27	38

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

Movements on the deferred tax asset relating to the pension asset (see Statement of Comprehensive Income) are recognised directly in equity. All other deferred tax movements are recognised in the income statement.

The Government announced in March 2012 a reduction in the rate of corporation tax to 24% with effect from 1 April 2012, with further reductions of 1% each year to 20% by 1 April 2016. At Summer Budget 2015, the Government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020.

17. Financial instruments

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The financial risk management objectives and policies are set out in the report of the directors.

Financial assets

The Group's financial assets comprise cash and cash equivalents and trade and other receivables. Cash earns interest at floating rates and the other financial assets do not attract interest.

Financial liabilities

The types of financial liabilities used by the Group comprise trade payables, other payables, other accruals and a property loan.

Monetary assets and liabilities denominated in a foreign currency

All monetary assets and liabilities are denominated in Sterling.

Liquidity risk

As at 31 December 2016 the Group's financial liabilities have contractual maturities which are summarised below:

31 December 2016	Current within six months	Current six to twelve months	Between one and five years
	£'000	£'000	£'000
Trade payables	10,348	-	-
Other payables	819	-	-
Accruals	1,174	-	-
Property loans	147	337	2,000
	12,488	337	2,000

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

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

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs through the close control, monitoring and forecasting of cash inflows and cash outflows. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. Management believe that levels of cash reserves and available headroom are sufficient to meet the Group's needs over its forecast period.

17. Financial instruments (continued)

Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

	2016	2015
	£'000	£'000
Trade and other receivables (excluding prepayments and accrued income)	5,137	4,949
Cash and cash equivalents	6,033	2,611
	11,170	7,560

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 2016 the Group had no overdraft and two loans relating to property purchased in 2011 and in 2015. The Group's management consider that the Group had sufficient bank facilities in place.

Interest earned on cash reserves within the Group largely equates to the Bank of England base rate plus 50bps. During the year ended 31 December 2016 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 2017 is expected to remain at current levels since the base rate is expected to remain at its current depressed level. The financial impact of a reasonably possible change in interest rates of 1% is not considered to have a material effect on the results of the Group.

Summary of financial assets and financial liabilities by category

	2016	2015
Current assets	£'000	£'000
Trade and other receivables (excluding prepayments and accrued income)	5,137	4,949
Cash and cash equivalents	6,033	2,611
Loans and receivables	11,170	7,560

	2016	2015
Current liabilities	£'000	£'000
Trade payables	10,348	11,153
Other payables	819	636
Accruals	1,174	1,065
	12,341	12,854
Property and other loans	2,492	2,793
Financial liabilities measured at amortised cost	14,833	15,647
Net financial liabilities	(3,663)	(8,087)

17. Financial instruments (continued)

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

	2016	2015
	£'000	£'000
Property, plant and equipment	13,148	13,160
Inventories and work in progress	9,865	10,568
Prepayments and accrued income	444	366
Deferred tax assets	27	38
Pension assets	1,146	968
Social security and other taxes	(1,599)	(490)
Current tax payable	(569)	(155)
	22,462	24,455
Total Equity	18,799	16,368

18. Called up share capital

Equity	2016		2015	
	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 (2015 - none).

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2016 and treasury shares held by the ESOP Trusts 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

	2016		2015	
	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	124	94	128	102
between one and five years	117	209	146	302
over five years	-	-	-	-
	241	303	274	404

The Group leases certain premises under operating leases which expire between 2017 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 £486,000 (2015 - £492,000).

Defined contribution schemes accounted for £363,000 (2015 - £369,000) of this amount with £123,000 (2015 - £123,000) 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 £31,000 to the defined benefit pension scheme in the year ending 31 December 2017. 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 2016 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 2016	2015	2014
		£'000	£'000	£'000
Equities	- UK	1,292	1,106	1,095
	- Overseas	997	1,074	1,031
Bonds	- UK Government	2,044	1,514	1,613
	- UK Corporate	1,409	1,436	1,546
Cash		30	32	96
Other		2,204	1,952	1,948
Total market value of assets		7,976	7,114	7,329
Present value of scheme liabilities		(6,830)	(6,146)	(6,451)
Surplus in the scheme		1,146	968	878
Related deferred tax liability		(195)	(194)	(189)
Net pension asset		951	774	689

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:

	2016	2015
	£'000	£'000
Defined benefit obligation	(6,830)	(6,146)
Fair value of plan assets	7,976	7,114
	1,146	968

Analysis of the amount charged to other finance income:

	2016	2015
	£'000	£'000
Interest income	251	255
Interest on pension scheme liabilities	(213)	(222)
Total income recognised in profit or loss	38	33

Analysis of amount recognised in statement of comprehensive income:

	2016	2015
	£'000	£'000
Return on plan assets (excluding amounts included in net interest)	1,263	(179)
Actuarial (gains)/losses from changes in financial assumptions	(1,514)	113
Actuarial (gains)/losses from changes in demographic assumptions	268	-
Total (expense)/income recognised in other comprehensive income	17	(66)

21. Retirement benefits (continued)

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

	2016	2015
	£'000	£'000
At 1 January	7,114	7,329
Interest income	251	255
Return on plan assets (excluding amounts included in net interest)	1,263	(179)
Contributions	123	123
Benefits paid	(775)	(414)
At 31 December	7,976	7,114

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

	2016	2015
	£'000	£'000
At 1 January	(6,146)	(6,451)
Interest cost	(213)	(222)
Remeasurement - actuarial (gains)/losses from changes in financial assumptions	(1,514)	113
Remeasurement - actuarial losses from changes in demographic assumptions	268	-
Benefits paid	775	414
At 31 December	(6,830)	(6,146)

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:

	2016	2015	2014
	%	%	%
Rate of increase in pensionable salaries	3.4	3.2	3.2
Rate of increase in pensions in payment	3.3	3.2	3.1
Discount rate	2.7	3.7	3.6
Inflation assumption	3.4	3.2	3.2

The mortality assumption adopted for the purposes of the calculations as at 31 December 2016 is as follows:

- Base table: S2PxA tables, year of birth
- Future mortality improvements: CMI 2015 mortality projection model at 1.5% per annum.

Average life expectancies - Billington Scheme	2016	2015
Male retiring at reporting date at age 62 (in years)	25.3	25.5
Male retiring at reporting date +20 years at age 62 (in years)	27.5	27.9

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

21. Retirement benefits (continued)

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

Changes in the signficant actuarial assumptions:

	2016	2015
	£'000	£'000
0.25% increase to discount rate	(290)	(261)
0.25% increase in inflation and related assumptions	220	198
1 year increase in life expectancy	186	167

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 arm's length trading activities with related undertakings of Tolent PLC. Revenue amounting to £nil (2015 - £nil) at normal market rates is in respect of Tolent PLC related undertakings. A balance of £nil (2015 - £nil) 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 (2015: £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 2016 were as follows:

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

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

	Cash and cash equivalents	Property loans and hire purchase	Net cash
	£'000	£'000	£'000
At 1 January 2015	3,872	(324)	3,548
Cash flow	(1,261)	(2,469)	(3,730)
At 31 December 2015	2,611	(2,793)	(182)
Cash flow	3,422	301	3,723
At 31 December 2016	6,033	(2,492)	3,541

BILLINGTON HOLDINGS PLC

Parent company statement of financial position as at 31 December 2016

	Note	2016		2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		8,749		8,842
Investments	9		1,320		1,300
			10,069		10,142
Current assets					
Debtors falling due within one year	11	1,498		664	
Cash at bank and in hand		7,317		2,619	
		8,815		3,283	
Creditors: amounts falling due within one year	12	(6,814)		(2,247)	
Net current assets			2,001		1,036
Total assets less current liabilities			12,070		11,178
Creditors: amounts falling due after more than one year	13		(2,000)		(2,484)
			10,070		8,694
Capital and reserves					
Called up share capital	15		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other reserve			(825)		(904)
Retained earnings			7,606		6,309
Shareholders' funds			10,070		8,694

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 and receipt of dividends of the company for the year was £1,999,000 (2015: profit £1,777,000).

The parent company financial statements were approved and authorised for issue by the Board of Directors on 20 March 2017.

P.K. HEMS Chairman

T.M. TAYLOR Finance Director

The statement of accounting policies and notes 1 to 21 form part of these parent company financial statements.

BILLINGTON HOLDINGS PLC

Parent company statement of changes in equity for the year ended 31 December 2016

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

	Share capital	Share premium account	Capital redemption reserve	Other reserve - ESOP	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	1,293	1,864	132	(904)	6,309	8,694
ESOP movement in year	-		-	79	-	79
Profit for the financial year	-	-	-	-	1,999	1,999
Credit relating to equity-settled *share-based payments*	-	-	-	-	36	36
Dividends	-	-	-	-	(738)	(738)
At 31 December 2016	1,293	1,864	132	(825)	7,606	10,070

The statement of accounting policies and notes 1 to 21 form part of these parent company financial statements.

1. ***Company information***

Billington Holdings Plc is a company domiciled in England and Wales, registration number 02402219. The registered office is Steel House, Barnsley Road, Barnsley, S73 8DS.

The company is a holding company providing management services to its subsidiaries.

2. **Compliance with Accounting Standards**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The individual accounts of Billington Holdings Plc have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes.
- key management personnel
- certain financial instruments

3. **Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Impairment of assets

Management determine whether there are indications of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Recognition of assets

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

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

4. **Acounting Policies**

Basis of preparation of financial statements

These financial statements for the year ended 31 December 2016 are the second financial statements that comply with FRS 102. The date of transition was 1 January 2014.

The financial statements have been prepared on the historical cost basis. The presentation currency is Sterling (£).

(a) Property, plant and equipment

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

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

Buildings	2%
Plant and equipment	5% to 33.3%

4. Acounting Policies (continued)

(b) Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in retained earnings. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised on all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probably that they will be recoverd against the reversal of deferred tax liabilitiesor other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences.

(c) Retirement benefits

Defined Contribution Pension Schemes

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

Defined Benefit Pension Schemes

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

(d) Investments

Within the parent company, investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

(e) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(f) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(g) Financial instruments

The company uses financial instruments, other than derivatives, comprising borrowings, cash resources and various items such as trade debtors, trade creditors etc. that arise from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

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

(h) Leased assets

All leases are operating leases and the annual rentals are charged wholly to retained earnings.

5. Loss on ordinary activities

Loss on ordinary activities before taxation is stated after:

	2016	2015
	£'000	£'000
Depreciation	96	92
Fees payable to the company's auditor for the audit of the company's annual accounts	28	28
Fees payable to the company's auditor for other services:		
tax compliance services	8	6
other services	4	23
Operating lease rentals	31	24

6. Directors and employees

Staff costs during the year including directors:

	2016	2015
	£'000	£'000
Wages and salaries	1,054	1,035
Social security	124	117
Pension costs	66	92
Share-based payments	36	-
	1,280	1,244
Redundancy costs	-	16
	1,280	1,260

The average number of employees of the company during the year was 15 (2015 - 14).

Remuneration in respect of directors was as follows:

	2016	2015
	£'000	£'000
Aggregate emoluments	512	528
Company pension contributions to a defined contribution scheme	38	33

On 18 January 2016 each of the executive directors received 9,917 share options related to the Inland Revenue approved share option scheme, exercisable at a price of £3.03 between the third and tenth anniversary of their grant.

During the year each of the executive directors received 25,000 share options related to the unapproved share option scheme, exercisable at a price of £1.515 between the third and tenth anniversary of their grant.

During the year no directors (2015 - no directors) participated in defined benefit pension schemes and two directors (2015 - two directors) participated in a defined contribution pension scheme.

During the year no directors (2015 - no directors) exercised share options.

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

	2016	2015
	£'000	£'000
Aggregate emoluments	207	211
Company pension contributions to a defined contribution scheme	21	18

7. Dividends

A final dividend has been proposed in respect of 2016 of 10.0 pence per ordinary share (£1,293,000). 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.

8. Property, plant and equipment

	Land & buildings	Investment property	Plant & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2016	8,581	600	482	9,663
Additions	-	-	3	3
At 31 December 2016	8,581	600	485	9,666
Depreciation				
At 1 January 2016	388	-	433	821
Charge for year	77	-	19	96
At 31 December 2016	465	-	452	917
Net book value at 31 December 2016	8,116	600	33	8,749
Net book value at 31 December 2015	8,193	600	49	8,842

Included within land and buildings above is land with a value of £3,946,000 inclusive of leasehold land of £1,000,000.

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

9. Investments

	Shares in subsidiary undertakings	Loans to subsidiary undertakings	Total
	£'000	£'000	£'000
Cost			
At 1 January 2016	550	750	1,300
Movement in year	20	-	20
As at 1 January and 31 December 2016	570	750	1,320

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.

10. Share based payments

The company operates a share based payment scheme for certain employees. These share options are granted based on seniority and length of service with share options granted in the Company. There are two Trusts in existence being an Inland Revenue approved share option scheme and an unapproved share option scheme.

The options are granted with a fixed exercise price, are exercisable three years after the date of grant and expire ten years after the date of grant. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Company until exercise, otherwise the awards lapse. On exercise of the options by the employees the Company issues shares held in the relevant trust in operation.

	Number of shares		Weighted average exercise price	
	2016	2015	2016	2015
	No.	No.	£	£
Granted	103,086	-	2.30	-
Lapsed	(3,306)	-	3.03	-
Outstanding at 31 December	99,780	-	2.27	-
Exercisable at the end of the year	-	-		

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to this scheme.

Under FRS102, the Group recognises an expense in the relevant company's financial statements. The expense is apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant. The total charge apportioned to Billington Holding plc and recognised as expense in the year was £36,000.

11. Debtors

	2016	2015
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	1,307	52
Other debtors	57	547
Prepayments and accrued income	37	32
Current taxation	87	21
Deferred tax asset	10	12
	1,498	664

Of the amounts owed by group undertakings, a balance of £1,427,000 is payable by hoard-it Limited on demand, interest payable on the loan is charged at a nominal rate of interest. A futher group balance of £1,119,000 is payable by Peter Marshall Steel Stairs Limited, interest payable on the loan is charged at base rate plus 1%. A provision for impairment of £500,000 against this loan has been made.

12. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Bank loans	484	295
Trade creditors	210	350
Amounts owing to group undertakings	5,702	1,195
Social security and other taxes	45	38
Accruals and deferred income	373	369
	6,814	2,247

Of the amounts owed to group undertakings, a balance of £4,239,000 is payable to Billington Structures Limited on demand and a balance of £1,463,000 is payable to easi-edge Limited on demand. Interest payable on these loans is charged at a nominal rate of interest.

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

	2016	2015
	£'000	£'000
Bank loans	2,000	2,484
Bank loans are repayable as follows:		
Within one year	484	295
Between one to two years	250	295
Between two to five years	1,750	2,189
	2,484	2,779

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

14. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 17% (2015 - 20%).

	2016	2015
	£'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.

15. Called up share capital

Equity	2016 Number of shares	2016 £'000	2015 Number of shares	2015 £'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

Both classes of share rank pari passu in all respects.

Details of company share options outstanding at 31 December 2016 and treasury shares held by the ESOP are given in note 10 of the Group financial statements.

16. Reserves

Share premium - represents the premiums received on issue of share capital.

Capital redemption reserve - represents the accumulated balance resulting from the Company's purchase of own shares.

Other reserve - represents the accumulated balance of share capital held by the Employee Share Ownership Plan.

Retained earnings - includes all current and prior period retained profits and losses.

17. Ultimate controlling related party

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

18. Leasing commitments

Future operating lease payments are as follows:	2016 Land & buildings £'000	2016 Other £'000	2015 Land & buildings £'000	2015 Other £'000
within one year	-	37	-	20
between one and five years	-	15	-	14
	-	52	-	34

19. 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 £66,000 (2015 - £97,000).

Defined contribution schemes accounted for £66,000 (2015 - £97,000) of this amount with £nil (2015 - £nil) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

20. 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 (2015: £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 (2015: £nil).

In accordance with FRS102 Billington Holdings plc is exempt from disclosing related party transactions with its wholly owned subsidiaries.

21. Contingent liabilities

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