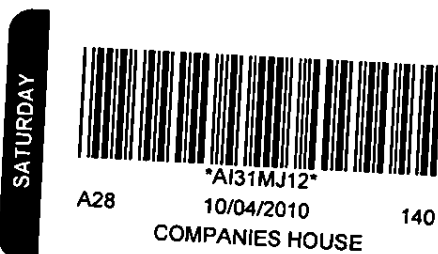


**Edward Billington and Son Limited  
and Subsidiaries**

**Annual Report and Accounts**

**For the year ended 31st August 2009**

**Company Registration Number 59883**



**For the year ended 31st August 2009**

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# Edward Billington and Son Limited and Subsidiaries

## Directors' Report

### For the year ended 31st August 2009

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The directors present their report to the shareholders together with the audited accounts for the year ended 31st August 2009

#### Profits, dividends and retentions

The results for the year are shown on the Consolidated Profit and Loss Account on page 6

The profit on ordinary activities of the group, before taxation and minority interests, amounts to £6,407,829 (2008 £9,876,492)

Dividends of 44% (2008 35 1%) which are proposed for approval at the forthcoming Annual General Meeting are not shown as a deduction against this year's reserves, but instead will fall into the 31st August 2010 accounts, when they are paid Dividends of £652,951 which were proposed in the previous year's accounts have been paid during the year

#### Review of the principal activities of the business

The principal activities of the group during the year were the manufacture, merchandising and distribution of food, animal feed and other agricultural products and the trading of agricultural commodities

The group's turnover was £187,488,761 (2008 £214,030,060) In 2009 the turnover of Wholesome Sweeteners was excluded from the group turnover as it is now 50% owned, thereby causing the reduction in the group total Turnover in the rest of the group actually increased by £3m, despite the fall in world commodity prices which lowered Criddle's turnover The growth in English Provender Company's sales was particularly pleasing

The integration of Alembic Products Limited and English Provender Company (EPC) was successfully completed and from 1st December 2008 both businesses traded as one company

The EPC Chester factory has been converted to a more specialist site offering a wide range of packaging options, including sachets, pots, pouches, pails and pallets Of particular note was the installation of a top down squeeze plastic bottle line in conjunction with the gaining of a long term contract to manufacture and pack a major new range of "mayos" under the Branston brand for Premier Foods

The manufacturing business at Newbury has continued to progress well whilst the highlight on the retail side has been significant further development with Marks and Spencer and Tesco

A major new brand marketing initiative for the company is planned for early 2010

Wholesome Sweeteners Inc continued its outstanding growth with particular progress for its Wholesome Sweeteners brand A major part of this growth has come from the outstanding introduction of its agave products Sales growth of agave in the latter part of 2008/09 was exceptional and has accelerated again in 2009/10

Criddle and Co Limited returned to more normal levels of profitability after the extraordinarily successful performance of the previous year when it enjoyed an environment of rapidly increasing prices for virtually all agricultural commodities Given that 2009 saw even more rapid decreases in prices than the increases seen in 2008, Criddle & Co did well to achieve a profit which was slightly above its long term trend Its grain buying and selling business based in Wem continued to grow and significantly increase its volumes

Carrs Billington Agriculture performed close to the previous year's level although there were notable changes in the profitability mix The fuel business continued to progress well and the retail outlets also grew their profits The feed performance was good considering that the market continued to be adversely affected by over-capacity and the switch from compound feeds to blends These trends appear to be continuing in 2009/10

# **Edward Billington and Son Limited and Subsidiaries**

## **Directors' Report**

**For the year ended 31st August 2009 [Continued]**

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The directors are delighted with the performance of the group during 2009. A profit of £5,274,889 (after deducting minority interests) was achieved and represents a pre-tax return on shareholders' funds of 18.9%. The directors believe that this is an outstanding return given the longest and deepest post-war recession in the UK and the major recession in the US.

The group remains well positioned in this climate with low gearing, modern, efficient factories, a broad range of products and activities, and very strong management teams. We are confident that 2010 will see further growth despite the economic climate.

### **Financial risk management objectives and policies**

The group uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable. The directors receive regular reports on these figures in order to manage the group's requirements.

The group is exposed to normal credit and cash flow risks associated with selling on credit and manages this through credit control procedures.

Criddle & Co Limited trades mainly in animal feed commodities and enters into fixed price contracts to be taken up at a future date. The majority of the price risk associated with such trading is mitigated by matching sales and purchase contracts and futures contracts are also used to minimise market risk. The directors closely monitor current cost price movements in order to manage the risk.

Wholesome Sweeteners Inc, is a company incorporated in the USA and the US Dollar is therefore its functional currency. The group's consolidated accounts together with the value of remittances from the USA are subject to foreign exchange risk. The directors continually monitor this risk and consider that the level of risk is acceptable.

### **Employees**

The group has continued to follow the requirements of the Health & Safety at Work Act with concern for the welfare of its employees.

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

The group provides employees with information about the company through internal media methods and newsletters.

### **Policy on payment of creditors**

Creditors are paid in accordance with terms of business agreed with suppliers.

### **Climate change**

The group is committed to reducing carbon emissions wherever possible and is working with The Carbon Trust to ensure that we make optimum use of energy at all our factories.

# Edward Billington and Son Limited and Subsidiaries

## Directors' Report

For the year ended 31st August 2009 [Continued]

### Directors and directors' interests

The members of the Board of Directors at 31st August 2009, together with details of their interests in the share capital of Edward Billington and Son Limited, are shown below

	Ordinary shares of £1 each		Preferred ordinary shares of £1 each	
	2009	2008	2009	2008
E W Billington	<b>68,726</b>	68,726	<b>18,454</b>	16,528
M R Cashin	<b>2,625</b>	2,625	<b>21,170</b>	19,244
D Marshall	<b>99</b>	99	<b>8,050</b>	6,124
R R Toomey	<b>15,259</b>	15,259	<b>3,730</b>	3,730
L L R Whiteley	<b>119,074</b>	119,374	<b>33,095</b>	31,169

The holding of ordinary shares of Mr E W Billington and Mr L L R Whiteley stated above includes 26,672 2007 'A' ordinary shares and 31,200 2007 'B' ordinary shares respectively

Mr G M Blake was appointed as a director on 1st September 2009 His appointment will be confirmed at the forthcoming Annual General Meeting

Mr M R Cashin and Dr R R Toomey retire by rotation and, being eligible, offer themselves for re-election

### Charitable donations

During the year the group contributed £6,451 for charitable purposes (2008 £7,700)

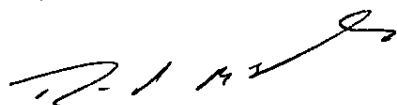
### Insurance of directors

The company provides insurance for its directors in respect of their duties as directors of the group

### Auditors

Mitchell Charlesworth are willing to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting

By order of the Board



David Marshall  
Secretary

Cunard Building  
Liverpool L3 1EL

Approved by the Board of Directors on 22nd December 2009

# **Edward Billington and Son Limited and Subsidiaries**

## **Statement of Directors' Responsibilities**

**For the year ended 31st August 2009**

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The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business

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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

# Mitchell Charlesworth

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

## Independent Auditors' Report to the Shareholders of Edward Billington and Son Limited

We have audited the accounts of Edward Billington and Son Limited for the year ended 31st August 2009 on pages 6 to 37 which have been prepared on the basis of the accounting policies set out on pages 10 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board (APB's) Ethical Standards for Auditors.

### Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the accounts.

### Opinion

In our opinion the accounts

- give a true and fair view of the state of the affairs of the group and company as at 31st August 2009 and of the profit of the group for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

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

### 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the accounts 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.

P L GRIFFITHS  
(Senior Statutory Auditor)  
For and on behalf of  
MITCHELL CHARLESWORTH  
Chartered Accountants  
Statutory Auditor



22nd December 2009

# Edward Billington and Son Limited and Subsidiaries

## Consolidated Profit and Loss Account

For the year ended 31st August 2009

	Notes	Total 2009 £'000	Total 2008 £'000
<b>Turnover</b>	2	<b>187,489</b>	214,030
Cost of sales	4	<b>(157,898)</b>	(172,852)
<b>Gross profit</b>		<b>29,591</b>	41,178
Net operating expenses	4	<b>(25,055)</b>	(31,926)
<b>Operating profit</b>	4	<b>4,536</b>	9,252
Share of operating results of associates and joint venture	6	<b>3,047</b>	1,088
Exceptional items	7	<b>(189)</b>	809
<b>Profit on ordinary activities before interest</b>		<b>7,394</b>	11,149
Net interest paid	8	<b>(986)</b>	(1,272)
<b>Profit on ordinary activities before taxation</b>		<b>6,408</b>	9,877
Taxation	9	<b>(2,294)</b>	(3,221)
<b>Profit on ordinary activities after taxation</b>		<b>4,114</b>	6,656
Minority interests	20	<b>(811)</b>	(1,896)
<b>Profit attributable to the members of the holding company</b>	22	<b>3,303</b>	4,760

The notes on pages 10 to 37 form part of these accounts

The turnover and operating profit are wholly attributable to continuing operations

Dividends amounting to £818,954 (2008 £653,302) are proposed for the year and are detailed in note 10



# Edward Billington and Son Limited and Subsidiaries

## Balance Sheets

As at 31st August 2009

		Group		Company	
	Notes	2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Fixed assets</b>					
Tangible assets	11	19,383	20,281	786	416
Intangible assets	12	7,293	8,657	6,868	1,995
Investments	13	6,922	5,009	8,503	14,111
		33,598	33,947	16,157	16,522
<b>Current assets</b>					
Stocks	14	9,172	9,002	22	-
Debtors	15	24,318	25,574	12,112	12,076
Cash at bank and in hand		1,415	2,710	1,319	2,314
		34,905	37,286	13,453	14,390
<b>Creditors</b>					
Amounts falling due within one year	16	(26,774)	(32,268)	(10,376)	(12,173)
<b>Net current assets</b>		8,131	5,018	3,077	2,217
<b>Total assets less current liabilities</b>		41,729	38,965	19,234	18,739
<b>Creditors</b>					
Amounts falling due after more than one year	17	(2,539)	(3,302)	-	-
Provision for liabilities and charges	20	(2,485)	(2,993)	(464)	(464)
<b>Net assets excluding pension liabilities</b>		36,705	32,670	18,770	18,275
Pension liabilities	26	(7,915)	(4,801)	(4,347)	(2,898)
		28,790	27,869	14,423	15,377
<b>Capital and reserves</b>					
Called up share capital	21	1,861	1,861	1,861	1,861
Share premium account	22	87	87	87	87
Revaluation reserve	22	434	95	434	95
Capital reserves	22	2,776	2,776	644	644
Other reserves	22	205	(301)	205	(301)
Profit and loss account	22	23,427	23,351	11,192	12,991
<b>Total shareholders' funds</b>	23	28,790	27,869	14,423	15,377

Approved by the Board of Directors and authorised for issue on 22nd December 2009 and are signed on its behalf by



Lloyd Whiteley  
Director



Mark Cashin  
Director

The notes on pages 10 to 37 form part of these accounts

Company Registration No 59883

# Edward Billington and Son Limited and Subsidiaries

## Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31st August 2009

	2009 £'000	2008 £'000
Profit for the year	3,303	4,760
Actuarial loss on net pension liabilities	(3,982)	(4,883)
Deferred tax associated with net pension liabilities	1,116	1,367
Exchange adjustments	292	179
Other reserve movements	-	(31)
Unrealised surplus on revaluation of fixed assets	339	-
Total recognised gains and losses relating to the year	1,068	1,392

## Consolidated Note of Historical Cost Profits and Losses

For the year ended 31st August 2009

	2009 £'000	2008 £'000
Reported profit on ordinary activities before taxation	6,408	9,877
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	-	2
Historical cost profit on ordinary activities before taxation	6,408	9,879
Historical cost profit for the year after taxation, minority interests and dividends	2,650	4,274

# Edward Billington and Son Limited and Subsidiaries

## Consolidated Cash Flow Statement

For the year ended 31st August 2009

	Notes	2009 £'000	2008 £'000
<b>Cash flow from operating activities</b>	29	<b>4,990</b>	6,482
<b>Returns on investments and servicing of finance</b>			
Interest received		<b>36</b>	202
Interest paid		<b>(422)</b>	(1,369)
Finance lease interest		<b>(80)</b>	(64)
		<b>(466)</b>	(1,231)
<b>Taxation</b>		<b>(1,663)</b>	(1,123)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		<b>(2,611)</b>	(3,687)
Disposal of tangible fixed assets		<b>110</b>	157
		<b>(2,501)</b>	(3,530)
<b>Acquisitions and disposals</b>			
Part disposal of subsidiary undertaking		-	2,018
Acquisition of subsidiary undertakings		-	(6,358)
Additional investment in subsidiary undertaking		<b>(47)</b>	-
Loan notes settled re prior year acquisition		<b>(1,189)</b>	-
		<b>(1,236)</b>	(4,340)
<b>Equity dividends paid</b>		<b>(653)</b>	(488)
<b>Cash outflow before financing</b>		<b>(1,529)</b>	(4,230)
<b>Financing</b>			
Sale of own shares in Employee Benefit Trust		<b>517</b>	-
<b>Cash outflow before debt financing</b>		<b>(1,012)</b>	(4,230)
<b>Debt financing</b>			
Loan repayments		<b>(1,033)</b>	(1,079)
New finance leases		<b>567</b>	799
Capital element of finance lease repayments		<b>(437)</b>	(462)
		<b>(903)</b>	(742)
<b>Decrease in cash in the year</b>	30	<b>(1,915)</b>	(4,972)

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts

For the year ended 31st August 2009

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### 1 Accounting policies

The group accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets referred to in note 11

#### Basis of preparation

The consolidated accounts, which have been prepared in accordance with applicable Accounting Standards, incorporate the accounts of Edward Billington and Son Limited and subsidiaries

Subsidiary undertakings are accounted for using acquisition accounting

Joint ventures and associated undertakings are accounted for using the equity method of accounting. The group's share of their results are included in the consolidated profit and loss account and its interest in their net assets, together with any goodwill arising on acquisition, is included in investments in the consolidated balance sheet

#### Goodwill

Goodwill on acquisitions is capitalised as an intangible asset and amortised on a straight line basis over an estimated useful life of not more than ten years

Negative goodwill is also capitalised on the Balance Sheet. Negative goodwill up to the value of non-monetary assets acquired is amortised to the Profit and Loss Account over the period which those assets are recovered, whether through depreciation or sale

#### Turnover

Turnover represents the aggregate amount receivable from ordinary activities excluding value added tax and inter-group transactions

#### Tangible fixed assets and depreciation

The group's policy is to carry all assets at historical cost, except for tangible fixed assets used in the group's trade, which are included in the Balance Sheet at a valuation existing on 30th April 2000 when the group implemented FRS 15 for the first time, and investment properties as noted below

Depreciation of tangible fixed assets, other than freehold land, has been calculated to write off the cost or valuation of the assets, less their estimated residual value over their estimated useful lives at the following rates

Freehold and long leasehold buildings	2% to 10%
Short leasehold buildings	10% to 33%
Plant and machinery	10% to 50%
Motor vehicles	20% to 33%

#### Investment properties and revaluation reserve

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year

This is in accordance with SSAP 19 which, unlike the Companies Act, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

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### 1 Accounting policies [Continued]

#### Stocks and open transactions

Stocks have been valued at the lower of cost or net realisable value. In respect of goods for resale, cost includes all production overheads and an attributable proportion of indirect overhead expenses.

#### Pension schemes

Contributions in respect of defined contribution pension schemes are charged to the Profit and Loss Account when they become payable. In accordance with 'FRS 17 – Retirement Benefits', the operating and financing costs of defined benefit pension schemes are recognised separately in the profit and loss account. As the schemes have ceased to accrue further benefits to members, the current service costs which relate to death in service premiums are recognised in the period in which they arise together with the financing costs.

The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the statement of total recognised gains and losses.

#### Employee benefit trusts

The group operates an Employee Benefit Trust in order to reward and encourage its staff. The company made an initial contribution of £158,764 to the Trust in 1992. At 31st August 2009 the total funds held by the Trustees amounted to £375,420. In accordance with UITF Abstract 32, Employee Benefit Trusts and Other Intermediate Payment Arrangements, the funds are held for the future economic benefit of the group and the assets and liabilities of the Employee Benefit Trust are included on its Balance Sheet.

The surplus of funds over the initial contribution is included within "Other Reserves". In accordance with UITF 38, the company's own shares held by the Trustees are shown as a deduction from other reserves in shareholders' funds, until such time as they vest unconditionally with employees.

At 31st August 2009 a second Employee Benefit Trust was in place. Payments due to this Employee Benefit Trust are charged to the Profit and Loss Account in the period that the benefits have accrued to individual employees and directors.

In accordance with UITF Abstract 32, Employee Benefit Trusts and Other Intermediate Payments Arrangements, the company does not include the assets and liabilities of this Employee Benefit Trust on its Balance Sheet. The company considers that it does not retain any future economic benefit from the assets of this Employee Benefit Trust, nor does it have control of the rights or other access to those future economic benefits.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

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### 1 Accounting policies [Continued]

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date

#### Foreign currencies

Assets, liabilities and results of overseas operations are converted into sterling at the rate of exchange ruling at the Balance Sheet date with any currency adjustment taken directly to reserves. Other exchange differences are reflected in the results for the year

#### Leased assets

Assets obtained under finance leases are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to Profit and Loss Account over the period of the lease. Rental payments under operating leases are charged to Profit and Loss Account as incurred

Rentals receivable on operating leases are credited to Profit and Loss Account as they accrue

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 2 Turnover

	2009 £'000	2008 £'000
Manufacture and merchandising of foodstuffs		
Home	185,979	183,502
Overseas	23,855	33,548
	209,834	217,050
Less Share of joint venture turnover (overseas)	(22,345)	(3,020)
<b>Group turnover</b>	<b>187,489</b>	<b>214,030</b>

### 3 Operating profit

The operating profit for the year has been arrived at after

	2009 £'000	2008 £'000
<b>Charging</b>		
Directors' emoluments (see note 5)	1,554	1,994
Operating lease rentals	1,513	1,462
Depreciation	3,122	2,926
Amortisation of goodwill	1,410	1,397
<b>Crediting</b>		
Surplus on disposal of fixed assets	75	82

#### Services provided by the group's auditor:

	2009 £'000	2008 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	17	16
<b>Fees payable to the company's auditor for other services:</b>		
Audit of the company's subsidiaries, pursuant to legislation	34	43
Accounting services	33	32
Tax services	23	20
Other services	10	19
<b>Fees payable in respect of the Edward Billington and Son Limited Retirement Benefits Scheme</b>		
Audit	2	2

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 4 Operating profit

The turnover and operating profit are attributable to continuing and reclassified operations as follows

	Continuing operations 2009 £'000	Continuing Operations 2008 £'000	Reclassified operations 2008 £'000	Total 2008 £'000
Turnover	187,489	184,043	29,987	214,030
Cost of sales	157,898	151,367	21,485	172,852
Gross profit	29,591	32,676	8,502	41,178
Net operating expenses				
Sales and distribution costs	12,916	11,849	2,614	14,463
Administration expenses	12,139	14,757	2,706	17,463
	25,055	26,606	5,320	31,926
<b>Operating profit</b>	<b>4,536</b>	<b>6,070</b>	<b>3,182</b>	<b>9,252</b>

The reclassified operations represent the trading results of Wholesome Sweeteners Inc that have been accounted for as a joint venture on a gross equity accounting basis, since 14th July 2008, when the group disposed of 5% of the issued share capital

### 5 Directors' emoluments and employment costs

The aggregate amount of directors' emoluments, including profit sharing bonuses and contributions to pension scheme in respect of current service were

	2009 £'000	2008 £'000
Management remuneration (including benefits in kind)	507	511
Profit sharing bonuses	448	774
Pension scheme contributions	128	90
	1,083	1,375
Provision for benefits accruing under long-term incentive plan	471	619
	1,554	1,994

Pension scheme contributions represent amounts paid to defined contribution schemes during the year. The number of directors who were members of a defined contribution scheme was 5 (2008 5) and the number who were members of a defined benefit scheme was 5 (2008 5)

	2009 £'000	2008 £'000
The emoluments of the highest paid director were as follows		
Aggregate emoluments, excluding pension contributions	279	383
Company pension contributions to a defined contribution scheme	38	27

All the directors are members of the Edward Billington and Son Limited Retirement Benefits Scheme, which provides defined benefits. With effect from 1st September 2006 the Scheme ceased to accrue further benefits for its active members, further details of which are given in note 26



# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 5 Directors' emoluments and employment costs [Continued]

	2009 £'000	2008 £'000
<b>Employees</b>		
<b>Total cost of employment:</b>		
Wages and salaries	15,955	16,936
Social security costs	1,614	1,705
Other pension costs	629	617
	<b>18,198</b>	19,258
	2009 Number	2008 Number
<b>Average number of employees</b>		
Management and administration	82	98
Selling and distribution	51	57
Direct labour and production	456	443
	<b>589</b>	598

### 6 Share of operating results of associates and joint ventures

	2009 £'000	2008 £'000
<b>Share of operating profit</b>		
Associates	1,187	981
Joint venture	1,860	107
	<b>3,047</b>	1,088

### 7 Exceptional items

	2009 £'000	2008 £'000
Costs of restructuring foods businesses	(189)	(609)
Profit on part disposal of investment in subsidiary	-	1,418
	<b>(189)</b>	809

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 8 Net interest paid

	2009 £'000	2008 £'000
<b>Interest paid</b>		
Bank interest	164	370
Loan interest	40	901
Finance leases	80	64
Other interest	3	98
Net finance charge on pension scheme (note 26)	214	-
	<b>501</b>	<b>1,433</b>
<b>Interest received</b>		
Bank interest	26	162
Other interest	10	40
Net finance income on pension scheme (note 26)	-	231
	<b>(36)</b>	<b>(433)</b>
	<b>465</b>	<b>1,000</b>
<b>Joint venture</b>		
Interest paid	335	18
<b>Associated undertakings</b>		
Interest paid	235	384
Interest received	(49)	(130)
	<b>986</b>	<b>1,272</b>

### 9 Taxation

9.1 Analysis of charge for year	2009 £'000	2008 £'000
<b>Current tax:</b>		
UK corporation tax on profit for the year		
Group companies	1,061	1,180
Associated undertaking	284	249
Foreign taxation		
Group companies	3	899
Associated undertaking and joint venture	569	24
Adjustment in respect of previous year		
Group companies	(38)	(11)
Associated undertaking	(4)	-
Total current tax	<b>1,875</b>	<b>2,341</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences		
Group companies	386	866
Associated undertaking and joint venture	33	14
Total deferred tax	<b>419</b>	<b>880</b>
Tax on profit on ordinary activities	<b>2,294</b>	<b>3,221</b>

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 9 Taxation [Continued]

9.2 Factors affecting the current tax charge for the year	2009 £'000	2008 £'000
Tax arising on profit on ordinary activities at the standard rate of corporation tax of 28% (2008 28%)	1,794	2,766
<b>Effects of:</b>		
Expenses not deductible for tax purposes	67	85
Amortisation not deductible for tax purposes	395	392
Capital allowances in excess of depreciation	(103)	(365)
Credits not taxable	-	(398)
Other timing differences	(343)	(192)
Higher tax rates on overseas earnings	134	229
Utilisation of tax losses	(33)	(256)
Adjustment to reflect effective tax rate	(3)	91
Adjustment in respect of previous year	(42)	(11)
Chargeable gains	9	-
	<b>1,875</b>	<b>2,341</b>

### 10 Equity dividends of Edward Billington and Son Limited

	%	2009 £'000	%	2008 £'000
<b>Paid during the year:</b>				
Interim - paid 26th September 2008	12.24	228	10.2	190
Final - paid 12th February 2009	22.86	425	16.8	312
Waivers		-		(14)
<b>Total dividends paid</b>	<b>35.10</b>	<b>653</b>	<b>27.0</b>	<b>488</b>
<b>Proposed for the year:</b>				
Interim - paid 25th September 2009	13.50	251	12.24	228
Final - payable 4th February 2010	30.50	568	22.86	425
<b>Total dividends proposed</b>	<b>44.0</b>	<b>819</b>	<b>35.10</b>	<b>653</b>

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 11 Tangible fixed assets

Group	Land and Buildings £'000	Plant £'000	Total £'000
<b>Cost or valuation</b>			
At 31st August 2008	11,647	31,550	<b>43,197</b>
Additions	110	2,087	<b>2,197</b>
Disposals	(217)	(1,132)	<b>(1,349)</b>
Revaluation	275	-	<b>275</b>
At 31st August 2009	11,815	32,505	<b>44,320</b>
At valuation			
30th April 1983	135	320	<b>455</b>
30th April 1991	500	1,500	<b>2,000</b>
17th August 1995	200	195	<b>395</b>
31st August 2009	500	-	<b>500</b>
At cost	10,480	30,490	<b>40,970</b>
	11,815	32,505	<b>44,320</b>
<b>Depreciation</b>			
At 31st August 2008	2,564	20,352	<b>22,916</b>
Amounts provided	614	2,508	<b>3,122</b>
Released on disposals	(10)	(1,027)	<b>(1,037)</b>
Revaluation adjustment	(64)	-	<b>(64)</b>
At 31st August 2009	3,104	21,833	<b>24,937</b>
<b>Net book value</b>			
At 31st August 2009	8,711	10,672	<b>19,383</b>
At 31st August 2008	9,083	11,198	<b>20,281</b>

The net book value of land and buildings includes £500,000 (2008 £347,352) in respect of investment property stated at valuation. The investment property was valued by the directors, with guidance from external property consultants, on the basis of open market value at 31st August 2009.

Should the group's investment property be sold at this market value, a tax liability of approximately £76,000 would arise. No provision for this contingent liability has been made as it is not expected that any liability will arise in the foreseeable future.

The net book value of land and buildings includes £117,201 (2008 £117,201) of long-leasehold property and £4,866,867 (2008 £5,209,932) of short-leasehold property. Land and buildings includes, where applicable, fixed plant which forms an integral part of the building structure.

Plant includes motor vehicles having a net book value of £2,026,738 (2008 £1,926,645).

The net book value of tangible fixed assets includes an amount of £1,193,527 (2008 £1,358,037) in respect of assets held under finance leases, and on which depreciation charged in the year was £219,435 (2008 £274,250).

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 11 Tangible fixed assets [Continued]

Company	Land and Buildings £'000	Plant £'000	Total £'000
<b>Cost or valuation</b>			
At 31st August 2008	480	297	<b>777</b>
Additions	-	69	<b>69</b>
Disposals	-	(37)	<b>(37)</b>
Revaluation	275	-	<b>275</b>
At 31st August 2009	755	329	<b>1,084</b>
At valuation 31st August 2009	500	-	<b>500</b>
At cost	255	329	<b>584</b>
	755	329	<b>1,084</b>
<b>Depreciation</b>			
At 31st August 2008	165	196	<b>361</b>
Amounts provided	3	32	<b>35</b>
Released on disposals	-	(34)	<b>(34)</b>
Revaluation adjustment	(64)	-	<b>(64)</b>
At 31st August 2009	104	194	<b>298</b>
<b>Net book value</b>			
At 31st August 2009	651	135	<b>786</b>
At 31st August 2008	315	101	<b>416</b>

The net book value of land and buildings includes £500,000 (2008 £160,352) in respect of investment property stated at valuation. The investment property was valued by the directors, with guidance from external property consultants, on the basis of open market value at 31st August 2009.

Should the company's investment property be sold at this market value, a tax liability of approximately £76,000 would arise. No provision for this contingent liability has been made as it is not expected that any liability will arise in the foreseeable future.

Plant includes motor vehicles having a net book value of £90,569 (2008 £86,896).

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 12 Intangible fixed assets

	Group			Company
	Positive Goodwill £'000	Negative Goodwill £'000	Total £'000	Positive Goodwill £'000
<b>Cost</b>				
At 31st August 2008	14,800	(186)	<b>14,614</b>	<b>3,003</b>
Additions	46	-	<b>46</b>	<b>5,687</b>
At 31st August 2009	14,846	(186)	<b>14,660</b>	<b>8,690</b>
<b>Amortisation</b>				
At 31st August 2008	6,048	(91)	<b>5,957</b>	<b>1,008</b>
Amounts provided	1,414	(4)	<b>1,410</b>	<b>814</b>
At 31st August 2009	7,462	(95)	<b>7,367</b>	<b>1,822</b>
<b>Net book value</b>				
At 31st August 2009	7,384	(91)	<b>7,293</b>	<b>6,868</b>
At 31st August 2008	8,752	(95)	<b>8,657</b>	<b>1,995</b>

Goodwill additions for the company represents the re-classification of investments, further details of which are provided in note 13

### 13 Investments

Group	Unquoted £'000	Associated undertakings £'000	Joint venture £'000	Total £'000
<b>Cost or valuation</b>				
At 31st August 2008	20	2,663	2,326	<b>5,009</b>
Share of results	-	658	963	<b>1,621</b>
Exchange difference	-	15	277	<b>292</b>
At 31st August 2009	20	3,336	3,566	<b>6,922</b>

#### Unquoted

The directors do not consider the valuation of the unquoted investments to be materially less than cost

#### Associated undertakings

The share of associated undertakings' results represent the group's share of retained profits in Carrs Billington Agriculture (Sales) Limited and Vitamin Pet Foods Limited

#### Joint venture

The share of joint venture results represents the group's share of retained profits in Wholesome Sweeteners Inc

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 13 Investments [Continued]

The group's investments in associated undertakings and its joint venture at 31st August 2009 is represented by the following

	<b>Associated undertakings £'000</b>	<b>Joint venture £'000</b>	<b>Total 2009 £'000</b>	<b>Total 2008 £'000</b>
Share of fixed assets	3,446	325	<b>3,771</b>	3,066
Share of current assets	14,422	14,340	<b>28,762</b>	27,292
Share of current liabilities	(12,216)	(11,089)	<b>(23,305)</b>	(25,141)
Share of net current assets	2,206	3,251	<b>5,457</b>	2,151
Share of liabilities due in more than one year	(2,264)	-	<b>(2,264)</b>	(219)
Share of provisions	(123)	(10)	<b>(133)</b>	(115)
Share of net assets	3,265	3,566	<b>6,831</b>	4,883
Goodwill arising on acquisition less amortisation	71	-	<b>71</b>	106
	<b>3,336</b>	<b>3,566</b>	<b>6,902</b>	<b>4,989</b>

The group's share of turnover of associated undertakings amounted to £92,071,000 (2008 £93,457,000) for the year

<b>Company</b>	<b>Unquoted £'000</b>	<b>Associated undertakings £'000</b>	<b>Joint venture £'000</b>	<b>Subsidiary undertakings £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 31st August 2008	20	600	42	13,449	<b>14,111</b>
Additions	-	-	-	47	<b>47</b>
Amounts written off	-	-	-	(860)	<b>(860)</b>
Amounts reallocated (see note below)	-	-	-	(4,795)	<b>(4,795)</b>
At 31st August 2009	20	600	42	7,841	<b>8,503</b>

Following the transfer of the trade and assets of Alembic Products Limited into English Provender Company Limited on 1st December 2008, £4,795,155 of investment cost has been reallocated as goodwill. This amount, together with the surplus cost of investment in the books of the immediate parent undertaking of Alembic Products Limited, Alembic Foods Limited, equals the net book value of the goodwill arising on the original acquisition. This is shown as company goodwill additions in note 12. The remaining cost of investment has been written down to the recoverable amount.

Following the cessation of activities in Rhopode Limited, the carrying cost of this investment has also been written down to the recoverable amount.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 14 Stocks

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Raw materials	3,319	3,039	-	-
Goods for resale	5,853	5,963	22	-
	9,172	9,002	22	-

### 15 Debtors

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade debtors	10,623	11,042	19	-
Prepayments and accrued income	3,446	2,727	38	358
Other taxes	266	467	-	-
Subsidiary undertakings	-	-	9,610	9,487
Associated undertakings	9,336	10,620	1,324	1,227
Other debtors	647	718	687	516
Deferred tax asset (see note 20 1)	-	-	434	488
	24,318	25,574	12,112	12,076

The associated undertakings debtor includes £1,225,000 (2008 £1,225,000) which will be repaid after more than one year

### 16 Creditors - amounts falling due within one year

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Current instalments on loans	1,000	1,033	-	33
Other loans	-	1,189	-	1,189
Bank overdrafts	4,166	3,546	-	-
Trade creditors	11,898	16,052	31	34
Other creditors	333	449	243	302
Accruals and deferred income	8,066	7,927	2,333	2,173
Current corporation tax	641	1,282	-	-
Other taxes and social security costs	393	406	393	317
Finance lease obligations	277	384	-	-
Subsidiary undertakings	-	-	7,376	8,125
	26,774	32,268	10,376	12,173



# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 17 Creditors - amounts falling due after more than one year

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Bank loan	548	1,548	-	-
Other loan	1,225	1,225	-	-
Finance lease obligations	766	529	-	-
	<b>2,539</b>	<b>3,302</b>	<b>-</b>	<b>-</b>
<b>Repayment of bank loans:</b>				
In one year or less	1,000	1,033	-	33
Between one and two years	500	1,000	-	-
Between two and five years	48	548	-	-
	<b>1,548</b>	<b>2,581</b>	<b>-</b>	<b>33</b>

The outstanding bank loans are secured and are subject to variable interest rates, being between 1.7% and 2.24% at 31st August 2009. Details of the other loan are given in note 28.

The bank facilities are secured by way of fixed and floating charges over the assets of certain group companies.

### 18 Lease obligations

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Finance leases</b>				
Amounts falling due				
Within one year	277	384	-	-
Within two to five years	766	529	-	-
	<b>1,043</b>	<b>913</b>	<b>-</b>	<b>-</b>
<b>Operating lease commitments</b>				
	<b>Land and buildings</b>		<b>Plant and machinery</b>	
<b>Group</b>	<b>2009 £'000</b>	<b>2008 £'000</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Leases expiring				
Within one year	-	-	138	103
Within two to five years	-	-	281	407
After five years	954	954	-	-
	<b>954</b>	<b>954</b>	<b>419</b>	<b>510</b>

The leasing commitments relate to the future annual rentals payable under non-cancellable operating leases.

Included above are annual rental commitments of £76,025 (2008 £76,025) relating to Edward Billington and Son Limited in respect of commitments for land and buildings expiring after five years (2008 after five years).

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 19 Capital commitments

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Contracted for but not provided in the accounts	Nil	Nil	Nil	Nil

### 20 Provision for liabilities and charges

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
20 1 - Deferred taxation	647	554	-	-
20 2 - Minority interests	1,374	1,561	-	-
20 3 - Provision for reorganisation costs	-	414	-	-
20 4 - Other provision	464	464	464	464
	2,485	2,993	464	464

#### 20.1 Deferred taxation

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Accelerated capital allowances	1,255	1,105	(6)	(16)
Short term timing differences	(608)	(551)	(428)	(472)
	647	554	(434)	(488)
At 31st August 2008	554	297	(488)	(127)
Profit and loss account charge	93	165	54	(361)
Prior year loss surrender	-	(22)	-	-
Acquisition of subsidiary	-	123	-	-
Part disposal in subsidiary	-	(9)	-	-
At 31st August 2009	647	554	(434)	(488)

The profit and loss account charge shown above, excludes charges of £293,000 (2008 £701,000) and £149,000 (2008 £292,000) for the group and company respectively arising from the movements on the deferred tax asset which has been netted off the pension liabilities shown in note 26

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 20 Provision for liabilities and charges [Continued]

#### 20.2 Minority interests

##### Profit and loss account

The amount shown represents the profits for the year, after taxation, attributable to the investment in subsidiary and associated undertakings held by minorities. The effects on the reported results of the group are summarised below

	Attributable to group £'000	Minority interest £'000	Consolidated £'000
Operating profit	3,249	1,287	4,536
Share of operating results of associates and joint venture	3,047	-	3,047
Exceptional items	(189)	-	(189)
Profit on ordinary activities before interest	6,107	1,287	7,394
Net interest paid	(832)	(154)	(986)
Profit on ordinary activities before taxation	5,275	1,133	6,408
Taxation	(1,972)	(322)	(2,294)
Profit on ordinary activities after taxation	3,303	811	4,114

##### Balance sheet

The amount shown represents the minority interest in the share capital and reserves of subsidiary undertakings at 31st August 2009. The movement on this provision is summarised below

	£'000
At 31st August 2008	1,561
Profit and loss account charge	811
Share of net loss reported in the statement of total recognised gains and losses	(998)
At 31st August 2009	1,374

#### 20.3 Provision for reorganisation costs

	Provision for costs in respect of reorganisation of activities	
	Group £'000	Company £'000
At 31st August 2008	414	-
Utilised during year	(414)	-
At 31st August 2009	-	-

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 20 Provision for liabilities and charges [Continued]

#### 20.4 Other provisions

	Group £'000	Company £'000
At 31st August 2008 and 31st August 2009	464	464

This relates to a claim from HM Revenue & Customs in respect of PAYE and National Insurance on payments to directors through an Employee Benefit Trust in a prior year. Whilst the company has received professional advice that the claim can be defended, provision has been made in the event that the defence proves unsuccessful.

### 21 Capital of Edward Billington and Son Limited

	Authorised		Allotted, called up and fully paid	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Preferred ordinary shares of £1 each (non-voting)	1,250	1,250	419	419
Ordinary shares of £1 each	2,350	2,350	1,042	1,042
2007 ordinary shares of £1 each	400	400	400	400
	4,000	4,000	1,861	1,861

The preferred ordinary shares of £1 each are independently valued each year. It was reported at the company's Annual General Meeting on 12th February 2009 that the valuation of these shares was £12.00 per share. The directors are advised that the recommended valuation of these shares be increased to £13.00 per share following approval of these accounts.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 22 Reserves

Group	Share Premium Account £'000	Revaluation Reserve £'000	Capital Reserves £'000	Other Reserves £'000	Profit and Loss account £'000
At 31st August 2008	87	95	2,776	(301)	23,351
Movements in year					
Profit for the year	-	-	-	-	3,303
Revaluation of fixed assets	-	339	-	-	-
Exchange differences	-	-	-	-	292
Actuarial loss on net pension liabilities	-	-	-	-	(3,982)
Deferred tax associated with net pension liabilities	-	-	-	-	1,116
Equity dividends paid	-	-	-	-	(653)
Reduced investment in own shares	-	-	-	506	-
At 31st August 2009	87	434	2,776	205	23,427
<b>Company</b>					
At 31st August 2008	87	95	644	(301)	12,991
Movements in year					
Profit for the year	-	-	-	-	682
Revaluation of fixed assets	-	339	-	-	-
Actuarial loss on net pension liabilities	-	-	-	-	(2,539)
Deferred tax associated with net pension liabilities	-	-	-	-	711
Equity dividends paid	-	-	-	-	(653)
Reduced investment in own shares	-	-	-	506	-
At 31st August 2009	87	434	644	205	11,192

The Profit and Loss Account balances of £23,427,000 and £11,192,000 are stated after deduction of net pension deficits of £7,915,000 and £4,347,000 for the group and company respectively

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 23 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	3,303	4,760
Equity dividends - paid	(653)	(488)
	2,650	4,272
Net actuarial loss on pension liabilities	(2,866)	(3,516)
Other reserve movements on disposal of subsidiary	-	(31)
Surplus on revaluation of fixed assets	339	-
Reduced investment in own shares	506	-
Exchange differences	292	179
Net increase in shareholders' funds	921	904
Opening shareholder's funds	27,869	26,965
Closing shareholders' funds	28,790	27,869

### 24 Profit of Edward Billington and Son Limited

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent undertaking is not presented as part of these accounts. The consolidated profit for the year includes a profit of £682,049 (2008 £2,492,579) which is dealt with in the accounts of Edward Billington and Son Limited.

### 25 Contingent liabilities

Edward Billington and Son Limited has guaranteed the individual bank and loan facilities of certain subsidiary undertakings.

The group has, in the normal course of trade, given indemnities to third parties and entered into forward currency contracts. Other than amounts properly provided in the accounts no additional liabilities are expected to arise from these transactions.

As explained in the financial risk management objectives and policies on page 2, the group's policy is to hedge against changes in future market prices of certain commodities. Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. The net unrecognised losses on instruments used for hedging amount to £318,865 (2008 gains £1,141,441).

### 26 Pensions

#### 26.1 Defined Contribution Schemes

The group operates a number of defined contribution pension plans. The total cost of contributions into these plans during the year ended 31st August 2009 was £613,466 (2008 £605,100).

#### 26.2 Defined Benefit Schemes

The group also operates two defined benefit pension schemes, Edward Billington and Son Limited Retirement Benefits Scheme and Carrs Billington Agriculture Pension Scheme. The assets of both schemes are administered by trustees, held separately from those of the group and are invested with financial institutions. Contributions are paid to the schemes in accordance with the recommendations of two independent qualified actuaries on the basis of triennial valuations using the attained age method of valuation.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 26 Pensions [Continued]

#### 26.2 Defined Benefit Schemes [Continued]

The following table summarises the net pension liabilities of the Edward Billington and Son Limited Retirement Benefits Scheme and the Carrs Billington Agriculture Pension Scheme detailed in notes 26.2.1 and 26.2.2 respectively which are reflected in aggregate on the group Balance Sheet

	2009 £'000	2008 £'000
Edward Billington and Son Limited Retirement Benefits Scheme	4,347	2,898
Carrs Billington Agriculture Pension Scheme	3,568	1,903
	<b>7,915</b>	4,801

#### 26.2.1 Edward Billington and Son Limited Retirement Benefits Scheme

The scheme was closed to new entrants on 1st February 2001 and with effect from 1st September 2006, the scheme ceased to accrue further benefits for its active members. An alternative defined contribution scheme has been implemented to replace it.

Contributions amounting to £698,400 were paid into the scheme during the year towards the elimination of the scheme deficit. In line with the latest actuarial valuation dated 1st September 2007, the company expects to contribute £715,200 towards the elimination of the scheme deficit during the year to 31st August 2010.

#### FRS 17

FRS 17 requires the assets and liabilities of the defined benefit pension scheme to be recognised in the balance sheet. Net financial returns are included in the profit and loss account in the period to which they relate whilst actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The actuarial valuations were updated to 31st August 2009 by an independent qualified actuary in accordance with FRS 17. The defined benefit liabilities have been measured using the projected unit method and both the assets and liabilities include the value of pensions in payment, which are secured with insured annuities.

The following table sets out as at 31st August 2009 the fair value of the assets, the present value of the liabilities valued in accordance with the Standard and the surplus or deficit of assets over these liabilities (which equals the gross pension deficit), which is included in the balance sheet net of deferred taxation.

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Total fair value of assets	12,661	12,744	12,677	11,136	9,346
Present value of liabilities	(18,698)	(16,770)	(14,108)	(14,486)	(14,984)
Gross pension deficit	(6,037)	(4,026)	(1,431)	(3,350)	(5,638)
Deferred tax asset	1,690	1,128	400	1,005	1,691
Net pension deficit	(4,347)	(2,898)	(1,031)	(2,345)	(3,947)

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 26 Pensions [Continued]

#### 26.2.1 Edward Billington and Son Limited Retirement Benefits Scheme [Continued]

The percentages that each major asset category represents of the fair value of the total scheme assets were as shown below

	2009	2008
Equities	54%	68%
Bonds	26%	25%
Property	1%	1%
Other	19%	6%
	100%	100%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in an assumed rate of 5.9% for the year to 31st August 2010.

	2009 £'000	2008 £'000
Actual return on scheme assets	(320)	(421)

Weighted average assumptions used to determine benefit obligations at:	2009	2008
Discount rate	5.60%	6.20%
Rate of compensation increase	N/A	N/A

#### Weighted average assumptions used to determine net pension cost for the year ended 31st August 2009:

Discount rate	6.20%	5.80%
Expected long-term return on scheme assets	6.65%	6.93%

#### Weighted average life expectancy for mortality tables used to determine benefit obligations at 31st August 2009:

	Male	Female
Member age 65 (current life expectancy)	23.5	25.7
Member age 45 (life expectancy at age 65)	25.6	27.0



# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 26 Pensions [Continued]

#### 26.2.1 Edward Billington and Son Limited Retirement Benefits Scheme [Continued]

Changes in the present value of the defined benefit obligations are as follows:	2009 £'000	2008 £'000
Benefit obligation at beginning of year	16,770	14,108
Interest cost	1,025	805
Actuarial losses	1,386	2,325
Benefits paid	(483)	(468)
Benefit obligation at end of year	18,698	16,770
<b>Analysis of defined benefit obligation</b>		
Schemes that are wholly or partly funded	18,698	16,770
<b>Change in the fair value of scheme assets are as follows:</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Fair value of scheme assets at beginning of year	12,744	12,677
Expected return on scheme assets	855	895
Actuarial losses	(1,153)	(1,316)
Employer contribution	698	956
Benefits paid	(483)	(468)
Fair value of scheme assets at end of year	12,661	12,744
<b>Analysis of the amount charged/(credited) to interest payable/(interest receivable)</b>		
Expected return on pension scheme assets	(855)	(895)
Interest on pension scheme liabilities	1,025	805
Net charge (credit) in profit and loss account	170	(90)
<b>Analysis of amount recognised in statement of total recognised gains and losses (STRGL)</b>		
Actuarial loss immediately recognised	2,539	3,641

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses (STRGL) since the implementation of FRS17 amounts to a loss of £5,773,000 at 31 August 2009

History of experience gains and losses	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Difference between the expected and actual return on the scheme assets	(1,154)	(1,316)	271	468	858
Percentage of scheme assets	(9%)	(10%)	2%	4%	9%
Experience gains and losses on scheme liabilities	Nil	(1,700)	Nil	Nil	543
Percentage of the present value of the scheme liabilities	Nil	(10%)	Nil	Nil	4%

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 26 Pensions [Continued]

#### 26.2.2 Carrs Billington Agriculture Pension Scheme

Carrs Billington Agriculture (Operations) Limited is the principal employer of the Carrs Billington Agriculture Pension Scheme, a funded defined benefit scheme. The scheme ceased to accrue further benefits for its active members with effect from 1 December 2007.

Contributions paid into the scheme during the year amounted to £575,000. The company has agreed to contribute £575,000 to the scheme during the year to 31st August 2010.

The actuarial valuation was updated to 31st August 2009 by an independent qualified actuary in accordance with FRS17. The defined benefit liabilities have been measured using the projected unit method and both the assets and liabilities include the value of pensions in payment, which are secured with insured annuities.

The following table sets out as at 31st August 2009 the fair value of the assets, the present value of the FRS17 liabilities and the surplus or deficit of assets over the FRS17 liabilities (which equals the gross pension deficit), which is included in the balance sheet net of deferred taxation.

Assumptions	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Total fair value of assets	17,903	19,254	20,661	19,008	17,466
Present value of liabilities	(22,858)	(21,896)	(22,322)	(24,697)	(23,943)
Gross pension deficit	(4,955)	(2,642)	(1,661)	(5,689)	(6,477)
Deferred tax asset	1,387	739	466	1,707	1,943
Net pension deficit	(3,568)	(1,903)	(1,195)	(3,982)	(4,534)

The percentages that each major asset category represents of the fair value of the total scheme assets were as shown below.

	2009	2008
Equities	62%	72%
Bonds	37%	27%
Cash	1%	1%
	100%	100%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in an assumed rate of 6.20% for the year to 31st August 2010.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 26 Pensions [Continued]

#### 26.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

	2009 £'000	2008 £'000
Actual return on scheme assets	(781)	(1,605)
<b>Weighted average assumptions used to determine benefit obligations at:</b>	<b>2009</b>	<b>2008</b>
Discount rate	5.6%	6.20%
Rate of compensation increase	N/A	4.20%
<b>Weighted average assumptions used to determine net pension cost for the year ended 31st August 2009:</b>	<b>2009</b>	<b>2008</b>
Discount rate	6.20%	5.80%
Expected long-term return on scheme assets	6.74%	6.74%
Rate of compensation increase	N/A	3.80%
<b>Weighted average life expectancy for mortality tables used to determine benefit obligations at 31st August 2009:</b>	<b>Male</b>	<b>Female</b>
Member age 65 (current life expectancy)	22.0	24.8
Member age 45 (life expectancy at age 65)	23.1	25.9
<b>Changes in the present value of the defined benefit obligations are as follows:</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Benefit obligation at beginning of year	21,896	22,322
Current service cost	16	27
Interest cost	1,323	1,259
Scheme participants' contributions	-	20
Actuarial gains	768	(570)
Curtailments	-	(256)
Benefits paid	(1,145)	(906)
Benefit obligation at end of year	22,858	21,896
<b>Analysis of defined benefit obligation</b>		
Schemes that are wholly or partly funded	22,858	21,896

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 26 Pensions [Continued]

#### 26.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

	2009	2008			
<b>Change in the fair value of scheme assets are as follows:</b>	<b>£'000</b>	<b>£'000</b>			
Fair value of scheme assets at beginning of year	19,254	20,661			
Expected return on scheme assets	1,279	1,400			
Actuarial losses	(2,060)	(3,005)			
Employer contribution	575	1,084			
Member contributions	-	20			
Benefits paid	(1,145)	(906)			
Fair value of scheme assets at end of year	17,903	19,254			
<b>Analysis of the amount charged/(credited) to operating profit</b>	<b>2009</b>	<b>2008</b>			
	<b>£'000</b>	<b>£'000</b>			
Current service cost	16	12			
Curtailment credit	-	(256)			
Total operating charge (credit) in profit and loss account	16	(244)			
<b>Analysis of the amount charged/(credited) to interest payable/(interest receivable)</b>					
Expected return on pension scheme assets	(1,279)	(1,400)			
Interest on pension scheme liabilities	1,323	1,259			
Net charge (credit) in profit and loss account	44	(141)			
<b>Analysis of amount recognised in statement of total recognised gains and losses (STRGL)</b>					
Actuarial loss immediately recognised	2,828	2,435			
The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses (STRGL) since the implementation of FRS17 amounts to a loss of £6,554,000 at 31st August 2009					
<b>History of experience gains and losses</b>	<b>2009</b>	2008	2007	2006	2005
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Difference between the expected and actual return on the scheme assets	(2,060)	(3,005)	192	783	1,688
Percentage of scheme assets	(12%)	(16%)	1%	4%	10%
Experience gains and losses on scheme liabilities	Nil	Nil	844	Nil	Nil
Percentage of the present value of the scheme liabilities	Nil	Nil	4%	Nil	Nil

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 27 Operating companies

Subsidiary undertakings	Country of Incorporation	Percentage of ordinary shares held by the group
<b>Agricultural division</b>		
Carrs Billington Agriculture (Operations) Limited	England	51
Criddle & Co Limited	England	100
<b>Foods division</b>		
English Provender Company Limited	England	100
Alembic Foods Limited	England	100
* Alembic Products Limited	England	100
<b>Other subsidiary undertakings</b>		
Rhopode Limited	England	100
<b>Joint venture</b>		
+ Wholesome Sweeteners Inc	U.S.A.	50
<b>Associated undertakings</b>		
+ Carrs Billington Agriculture (Sales) Limited	England	49
+ Vitamin Pet Foods Limited	Barbados	30

\* The shares of this company are not directly held by Edward Billington and Son Limited

+ Indicates companies audited other than by Mitchell Charlesworth

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 28 Related party transactions

Included in other creditors are the following amounts due to a director, Mr L L R Whiteley, at 31st August 2009, together with details of the interest charge for the year

	2009 £'000	2008 £'000	Interest Payable £'000
L L R Whiteley	-	67	4

Other loans from shareholders amounted to £148,501 (2008 £162,352) on which interest of £3,232 (2008 £8,150) is payable

The group has a 49% interest in Carrs Billington Agriculture (Sales) Limited, the remainder of whose shares are owned by Carrs Milling Industries PLC

Carrs Milling Industries PLC, its joint venture companies Bibby Agriculture Limited and Afgritech Limited, and four of its subsidiaries, Carrs Billington Agriculture (Sales) Limited, Carrs Properties Limited, Carrs Engineering Limited and Carrs Flour Mills Limited entered into the following material transactions with the group during the year and had outstanding material balances as follows

	Sales £'000	Purchases £'000	Management Charges £'000	Creditors £'000	Debtors £'000
<b>31st August 2009</b>					
Carrs Milling Industries PLC	-	14	-	1,225	-
Carrs Billington Agriculture (Sales) Limited	82,178	312	96	-	8,872
Carrs Engineering Limited	-	178	-	12	-
Carrs Properties Limited	-	18	-	-	-
Carrs Flour Mills Limited	101	2,581	-	87	21
Bibby Agriculture Limited	9,841	1	-	-	464
Afgritech Limited	-	360	-	16	-

The balance of £1,225,000 (2008 £1,225,000) due to Carrs Milling Industries PLC represents an unsecured, interest free loan. Whilst there are no set repayment dates, Carrs Milling Industries PLC will only seek repayment after more than one year in accordance with the loan agreement. Included within the £8,872,000 (2008 £10,017,000) due from Carrs Billington Agriculture (Sales) Limited is £1,225,000 (2008 £1,225,000) which is also unsecured, interest free and repayable after more than one year

	Sales £'000	Purchases £'000	Management Charges £'000	Creditors £'000	Debtors £'000
<b>31st August 2008</b>					
Carrs Milling Industries PLC	-	14	-	1,225	-
Carrs Billington Agriculture (Sales) Limited	81,978	1,148	294	45	10,017
Carrs Engineering Limited	-	318	-	45	-
Carrs Properties Limited	-	18	-	-	-
Carrs Flour Mills Limited	-	3,210	-	207	-
Bibby Agriculture Limited	10,492	61	-	1	603
Afgritech Limited	7	410	-	28	22

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the year ended 31st August 2009

### 29 Reconciliation of operating profit to operating cash flows

	2009 £'000	2008 £'000
Operating profit	4,536	9,252
Depreciation of tangible fixed assets	3,122	2,926
Amortisation of intangible fixed assets	1,410	1,397
Surplus on disposal of tangible fixed assets	(75)	(82)
<b>Earnings before interest, depreciation and amortisation</b>	<b>8,993</b>	<b>13,493</b>
Dividends from associates	20	15
Increase in stocks	(170)	(1,038)
Increase in debtors	1,481	(7,676)
Decrease in creditors	(3,666)	4,404
Decrease in provisions and restructuring costs paid	(603)	246
Defined benefit pension schemes	(1,065)	(2,269)
Share based payments	-	(693)
<b>Net cash inflow from operating activities</b>	<b>4,990</b>	<b>6,482</b>

### 30 Analysis of net debt

	At 31st August 2008 £'000	Cash Flow £'000	Other non- Cash Changes £'000	At 31st August 2009 £'000
Cash at bank and in hand	2,710	(1,295)	-	1,415
Bank overdrafts	(3,546)	(620)	-	(4,166)
	(836)	(1,915)	-	(2,751)
Debt due within one year	(1,033)	1,033	(1,000)	(1,000)
Debt due after one year	(1,548)	-	1,000	(548)
Finance leases	(913)	(130)	-	(1,043)
<b>Total</b>	<b>(4,330)</b>	<b>(1,012)</b>	<b>-</b>	<b>(5,342)</b>

	2009 £'000	2008 £'000
Decrease in cash in the year	(1,915)	(4,972)
Cash outflow from decrease in debt and lease financing	903	742
Translation difference	-	(822)
Acquired with subsidiary undertaking	-	(1,045)
Reclassified on part disposal	-	10,205
Movement in net debt in the year	(1,012)	4,108
Net debt at 31st August 2008	(4,330)	(8,438)
<b>Net debt at 31st August 2009</b>	<b>(5,342)</b>	<b>(4,330)</b>