

REGISTRAR COPY

**Edward Billington and Son Limited
and Subsidiaries**

Annual Report and Accounts

For the year ended 31st August 2015

Company Registration Number 59883

THURSDAY



A57S8BVL

A07

26/05/2016

#109

COMPANIES HOUSE

Edward Billington and Son Limited and Subsidiaries

Annual Report and Accounts

For the year ended 31st August 2015

CONTENTS

Strategic Report	1
Directors' Report	4
Independent Auditors' Report to the Members of Edward Billington and Son Limited	6
Consolidated Profit and Loss Account	7
Balance Sheets	8
Consolidated Statement of Total Recognised Gains and Losses	9
Consolidated Cash Flow Statement	10
Notes to the Accounts	11

Edward Billington and Son Limited and Subsidiaries

Strategic Report

For the year ended 31st August 2015

Principal activities and business review

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 key financial and other performance indicators during the year were as follows:

	Year ended 31 August 15 £'000	Year ended 31 August 14 £'000
Turnover	351,230	327,873
Operating profit	11,727	10,948
Shareholders' funds	80,805	69,161
Current assets as % current liabilities	142%	132%
Average number of employees	1,480	1,209

Turnover increased by 7% from £328m to £351m primarily due to including the activities of TSC Foods Group, acquired in the prior period, for a full twelve months. Otherwise, increases in sales volume were largely offset by the effect of lower commodity costs.

The major trading businesses in the year ended 31 August 2015 were as follows:

- **English Provender.** The company had another very successful year. Overall sales growth was modest as falling commodity costs reduced selling prices but the company's continued investment in its production facilities substantially improved efficiency, and profits were increased year on year.
- **Bar Foods.** The company had another very successful year with turnover growing 14.7% to £37m and profits growing commensurately.
- **TSC Foods.** The Board are pleased with the company's performance since its acquisition in 2014 but the market for chilled foods has remained highly competitive and affected profitability. Sales of products to the food service sector have remained strong.
- **Wholesome Sweeteners.** Competition in the US ingredients market remained strong but sales in the retail sector continued to grow. Overall, the company increased its profitability modestly.
- **Criddle and Co.** Overall performance in the year was disappointing and the company incurred a loss for the first time in many years. In September 2015 the activities of the business were restructured to reduce risk and volatility. In December 2015 the grain trading operation of the company was sold.
- **Carrs Billington Agriculture.** The company performed well in the year although sales fell due to the effect of lower commodity prices.
- **Billington Food Ingredients.** The company commenced trading in 2013, importing and distributing frozen fruit and vegetables. Sales have grown to £3.8m in 2015 and the company is trading profitably.
- **Billington Bioenergy.** This business was sold during the year, resulting in an exceptional profit on sale of £2.7m which is detailed in note 30 of the accounts.

Overall the directors are pleased with the performance of the group during 2015 which provided a profit before tax, excluding the exceptional gain on the disposal of a subsidiary, of £15.7m, representing a 6.7% increase on 2014 (£14.7m).

The balance sheet was further strengthened with shareholder's funds rising to £80.8m and debt falling by £7.7m to £21.1m

Edward Billington and Son Limited and Subsidiaries

Strategic Report

For the year ended 31st August 2015

The group's average number of employees increased by 271 to 1,480 in the year to 31 August 2015.

The 2016 financial year has started steadily although the market conditions for both agriculture and food retail products remain challenging.

Principal risks and uncertainties

The directors meet regularly to discuss the risks facing the group. The principal risks and uncertainties facing the group are broadly competitive and legislative risks:

Competitive and Consumer Risks

The group operates in a competitive environment which is driven by customer and consumer tastes. Continual product innovation is conducted by the group to offer its customers high quality premium products that meet consumer tastes and requirements.

Legislative Risks

The group's operations are governed by UK and EU legislative requirements on food and animal feed production, which includes food safety and hygiene standards that must be met to comply with the law. Furthermore, many of the group's customers have their own production, hygiene and safety standards in place. The group strives to be a leader in its production, hygiene and safety standards and procedures to ensure compliance with relevant laws and regulations and to meet customer expectations.

Commercial Risks

The group has established a risk and financial management framework to monitor and limit normal commercial risks such as credit control, counter party exposure, customer concentration and cost control, in order to protect the group from such risks.

Use of Derivatives

The group's activities include animal feed commodity trading and it 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. Futures contracts are also used to minimise market risk. The directors closely monitor current cost price movements in order to manage the risk.

The group also uses forward foreign currency contracts and forward purchase contracts to reduce exposure to the variability of foreign exchange rates or commodity prices by fixing the rate of any material payments in a foreign currency or providing certainty to raw material prices.

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.

Given the nature of the company's activities and agreed terms with suppliers, the directors have not calculated an average creditor day figure as a whole on the basis that such a statement would not be beneficial.

Edward Billington and Son Limited and Subsidiaries

Strategic Report

For the year ended 31st August 2015

Climate change

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

Signed by order of the Board



David Marshall
Secretary

Cunard Building
Liverpool L3 1EL

Approved by the Board of Directors on 22nd December 2015

Edward Billington and Son Limited and Subsidiaries

Directors' Report

For the year ended 31st August 2015

The directors present their report to the shareholders together with the audited accounts for the year ended 31st August 2015.

Profits, dividends and retentions

The results for the year are shown on the Consolidated Profit and Loss Account on page 7.

The profit on ordinary activities of the group, before taxation, exceptional items and minority interests, amounts to £15,717,169 (2014 £14,721,392).

Dividends of 101.10 pence per share (2014 91.90 pence per share) are proposed for approval at the forthcoming Annual General Meeting. These are not shown as a deduction against this year's reserves, but instead will fall into the 31st August 2016 accounts when they are paid. Dividends of £1,685,829 which were proposed in the previous year's accounts have been paid during the year.

Directors and directors' interests

The members of the Board of Directors at 31st August 2015, 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	
	2015	2014	2015	2014
E.W. Billington	68,726	68,726	19,204	18,454
G.M. Blake	50	50	6,006	4,506
D.G. Brooks	-	-	750	-
A.S. King	-	-	1,250	500
D. Marshall	99	99	9,300	8,550
L.L.R. Whiteley	118,774	118,774	33,845	33,095

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.

The holding of preferred ordinary shares stated above includes the total of preferred and 2014 preferred ordinary shares.

The holding of preferred ordinary shares of Mr. G.M. Blake stated above includes 4,250 (2014 2,750) preferred ordinary shares that are held in a small self administered pension scheme.

Mr. E.W. Billington and Mr. A.S. King retire by rotation and, being eligible, offer themselves for re-election.

Mr. W.E. Billington was appointed as a director on 5th October 2015. The appointment is subject to confirmation at the forthcoming Annual General Meeting.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is noted in the Strategic Report on page 1.

Statement of directors' responsibilities

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

Edward Billington and Son Limited and Subsidiaries

Directors' Report

For the year ended 31st August 2015 [Continued]

Directors' responsibilities [Continued]

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 these 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.

Charitable donations

During the year the group contributed £68,370 for charitable purposes (2014 £34,605).

Insurance of directors

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

Auditors

Having expressed a willingness to continue in office, a resolution for the appointment of Mitchell Charlesworth LLP will be proposed at the forthcoming Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all steps that they ought to have taken as directors to make themselves aware of all relevant audit information and to establish that the auditor is aware of that information.

By order of the Board



David Marshall
Secretary

Cunard Building
Liverpool L3 1EL

Approved by the Board of Directors on 22nd December 2015

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square . Temple Street . Liverpool . L2 5RH

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

We have audited the accounts of Edward Billington and Son Limited for the year ended 31st August 2015 on pages 7 to 38 which have been prepared on the basis of the accounting policies set out on pages 11 and 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 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 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 pages 4 and 5, 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'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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 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 Strategic Report and 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.

PHILIP GRIFFITHS FCA
(Senior Statutory Auditor)

For and on behalf of
MITCHELL CHARLESWORTH LLP
Chartered Accountants
Statutory Auditor



22nd December 2015

Edward Billington and Son Limited and Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31st August 2015

	Notes	Continuing Operations 31st August 2015	Discontinued Operations 31st August 2015	2015 £'000	2014 £'000
Turnover	2	348,081	3,149	351,230	327,873
Cost of sales		(295,834)	(2,551)	(298,385)	(281,598)
Gross profit		52,247	598	52,845	46,275
Distribution costs		(17,968)	(303)	(18,271)	(15,149)
Administrative expenses		(22,608)	(239)	(22,847)	(20,178)
Operating profit	3	11,671	56	11,727	10,948
Exceptional items	30	-	2,736	2,736	-
Share of operating results of associates	6	5,390	-	5,390	5,169
Profit on ordinary activities before interest		17,061	2,792	19,853	16,117
Net interest paid	7			(1,400)	(1,396)
Profit on ordinary activities before taxation				18,453	14,721
Taxation	8			(3,777)	(3,872)
Profit on ordinary activities after taxation				14,676	10,849
Minority interests	19			(1,579)	(1,609)
Profit attributable to the members of the holding company	22			13,097	9,240

The notes on pages 11 to 38 form part of these accounts.

The analysis between continuing and discontinued operations of the comparative figures is included in note 3.

Dividends amounting to £1,870,905 (2014 £1,703,451) are proposed for the year and are detailed in note 9.

Edward Billington and Son Limited and Subsidiaries

Balance Sheets

As at 31st August 2015

		Group		Company	
	Notes	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed assets					
Tangible assets	10	35,787	35,798	754	1,470
Intangible assets	11	25,793	29,266	1,385	2,022
Investments	12	21,776	17,669	48,687	44,022
		83,356	82,733	50,826	47,514
Current assets					
Stocks	13	21,688	22,808	-	412
Debtors	14	56,156	54,064	12,319	8,408
Cash at bank and in hand		6,416	2,205	1,240	1,806
		84,260	79,077	13,559	10,626
Creditors					
Amounts falling due within one year	15	(59,406)	(59,986)	(22,578)	(20,842)
Net current assets		24,854	19,091	(9,019)	(10,216)
Total assets less current liabilities		108,210	101,824	41,807	37,298
Creditors					
Amounts falling due after more than one year	16	(14,549)	(14,850)	(13,112)	(12,929)
Provision for liabilities	19	(8,587)	(12,241)	-	(672)
Net assets excluding pension liabilities		85,074	74,733	28,695	23,697
Pension liabilities	25	(4,269)	(5,572)	(1,707)	(2,117)
		80,805	69,161	26,988	21,580
Capital and reserves					
Called up share capital	20	1,861	1,861	1,861	1,861
Share premium account	21	87	87	87	87
Revaluation reserve	21	434	434	434	434
Capital reserves	21	2,776	2,776	644	644
Other reserves	21	(563)	(314)	(563)	(314)
Profit and loss account	21	76,210	64,317	24,525	18,868
Total shareholders' funds	22	80,805	69,161	26,988	21,580

Approved by the Board of Directors and authorised for issue on 22nd December 2015 and are signed on its behalf by:

Lloyd Whiteley
Director




Gary Blake
Director

The notes on pages 11 to 38 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 2015

	2015 £'000	2014 £'000
Profit for the year	13,097	9,240
Actuarial deficit on net pension liabilities	(310)	(2,379)
Deferred tax movement associated with net pension liabilities	69	457
Exchange differences	723	(465)
Total recognised gains and losses relating to the year	13,579	6,853

Edward Billington and Son Limited and Subsidiaries

Consolidated Cash Flow Statement

For the year ended 31st August 2015

	Notes	2015 £'000	2014 £'000
Cash flow from operating activities	28	20,609	13,661
Returns on investments and servicing of finance			
Interest received		42	45
Interest paid		(582)	(225)
Finance lease interest		(112)	(105)
		(652)	(285)
Taxation		(3,222)	(2,400)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(7,067)	(9,486)
Disposal of tangible fixed assets		662	353
Purchase of subsidiary undertaking		-	(32,095)
Additional investment in subsidiary undertaking		(4,665)	-
Purchase of intangible fixed assets		-	(498)
Disposal of subsidiary undertaking	30	3,477	-
		(7,593)	(41,726)
Equity dividends paid		(1,686)	(1,539)
Cash inflow before debt financing		7,456	(32,289)
Debt financing			
New loans		3,360	15,000
Loan repayments		(2,316)	(452)
New finance leases		1,666	1,369
Capital element of finance lease repayments		(1,329)	(949)
Purchase of own shares by Employee Benefit Trust		(249)	(20)
		1,132	14,948
Increase in cash in the year	29	8,588	(17,341)

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts

For the year ended 31st August 2015

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 10.

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 its subsidiary and associated undertakings.

Subsidiary undertakings are accounted for using acquisition accounting.

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. Where necessary, adjustments are made to the accounts of the associated undertakings to bring the accounting policies used in line with those of the group.

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.

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% per annum
Short leasehold buildings	10% to 33% per annum
Plant and machinery	10% to 50% per annum
Motor vehicles	14% to 33% per annum

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.

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.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

1 Accounting policies [Continued]

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 trust

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 2015 the total funds held by the Trustees amounted to £490,456. 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.

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 arising on currency transactions 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 the Profit and Loss Account over the period of the lease. Rental payments under operating leases are charged to the Profit and Loss Account as incurred.

Rentals receivable on operating leases are credited to the 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 2015

2 Turnover

	2015 £'000	2014 £'000
Manufacture and merchandising of foodstuffs:		
Home	348,629	325,493
Overseas	2,601	2,380
Group turnover	351,230	327,873

3 Operating profit

	Continuing Operations £'000	Discontinued Operations £'000	2015 Total £'000
31st August 2015			
Turnover	348,081	3,149	351,230
Cost of sales	(295,834)	(2,551)	(298,385)
Gross profit	52,247	598	52,845
Distribution costs	(17,968)	(303)	(18,271)
Administrative expenses	(22,608)	(239)	(22,847)
	(40,576)	(542)	(41,118)
Operating profit	11,671	56	11,727
31st August 2014			
Turnover	324,371	3,502	327,873
Cost of sales	(278,718)	(2,880)	(281,598)
Gross profit	45,653	622	46,275
Distribution costs	(14,709)	(440)	(15,149)
Administrative expenses	(19,759)	(419)	(20,178)
	(34,468)	(859)	(35,327)
Operating profit	11,185	(237)	10,948

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

4 Operating profit

The operating profit for the year has been arrived at after:

	2015 £'000	2014 £'000
Charging		
Directors' emoluments (see note 5)	3,062	2,032
Operating lease rentals		
- land and buildings	2,014	1,671
- plant and machinery	1,608	1,157
Depreciation	5,778	5,094
Amortisation of goodwill	3,596	2,837
Crediting		
Surplus on disposal of fixed assets	122	201

Services provided by the group's auditor:

	2015 £'000	2014 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	21	20
Fees payable to the company's auditor for other services:		
Audit of the company's subsidiaries, pursuant to legislation	66	66
Accounting services	34	32
Tax services	29	22
Other services	15	17
Fees payable in respect of the Edward Billington and Son Limited Retirement Benefits Scheme		
Audit	3	3
Tax services	1	1

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

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:

	2015 £'000	2014 £'000
Number of directors whose emoluments are included below	6	6
Management remuneration (including benefits in kind)	726	704
Profit sharing bonuses	963	617
Pension scheme contributions	122	65
	1,811	1,386
Benefits accrued under long-term incentive plan	1,251	646
	3,062	2,032

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 4 (2014 4) and the number who were members of a defined benefit scheme was 3 (2014 3).

	2015 £'000	2014 £'000
The emoluments of the highest paid director were as follows:		
Aggregate emoluments, excluding pension contributions	442	408
Company pension contributions to a defined contribution scheme	50	-

In addition to the above, the director accrued benefits of £459,000 during the year (2014 £221,000) in respect of a five year long-term incentive plan that commenced in 2012.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

5 Directors' emoluments and employment costs [Continued]

Employees	2015 £'000	2014 £'000
Total cost of employment:		
Wages and salaries	36,921	31,226
Social security costs	3,656	2,840
Other pension costs	1,627	1,141
	42,204	35,207
	2015 Number	2014 Number
Average number of employees		
Management and administration	247	193
Selling and distribution	102	91
Direct labour and production	1,131	925
	1,480	1,209

The defined benefit scheme is the Edward Billington and Son Limited Retirement Benefits Scheme. 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 25.

6 Share of operating results of associates

	2015 £'000	2014 £'000
Share of operating profit		
Associated undertakings	5,390	5,169

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

7 Net interest paid

	2015 £'000	2014 £'000
Interest paid		
Bank interest	45	48
Loan interest	492	167
Finance leases	112	105
Other interest	45	10
	694	330
Interest received		
Bank interest	(42)	(40)
Net return on pension scheme (note 25)	(460)	(369)
Other interest	-	(5)
	(502)	(414)
Associated undertakings		
Interest paid	1,223	1,510
Interest received	(15)	(30)
	1,400	1,396

8 Taxation

	2015 £'000	2014 £'000
8.1 Analysis of charge for year		
Current tax:		
UK corporation tax on profit for the year		
Group companies	2,844	2,658
Associated undertakings	521	393
Foreign taxation		
Associated undertakings	651	536
Adjustment in respect of previous year		
Group companies	(190)	7
Associated undertakings	65	10
Total current tax	3,891	3,604
Deferred tax:		
Origination and reversal of timing differences		
Group companies	324	506
Associated undertakings	(438)	(238)
Total deferred tax	(114)	268
Tax on profit on ordinary activities	3,777	3,872

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

8 Taxation [Continued]

	2015 £'000	2014 £'000
8.2 Factors affecting the current tax charge for the year		
Tax arising on profit on ordinary activities at the standard rate of corporation tax of 21% (2014 23%)	3,875	3,386
Effects of:		
Expenses not deductible for tax purposes	31	23
Capital allowances in excess of depreciation	(28)	(171)
Amortisation not deductible for tax purposes	782	649
Income not taxable	(701)	-
Other timing differences	(150)	(381)
Higher tax rates on overseas earnings	275	197
Adjustment to reflect effective tax rate	(68)	(116)
Adjustment in respect of previous year	(125)	17
	3,891	3,604

9 Equity dividends of Edward Billington and Son Limited

	Pence per share	2015 £'000	Pence per share	2014 £'000
Paid during the year:				
Interim - paid 26th September 2014	31.90	593	29.00	540
Final - paid 26th February 2015	60.00	1,117	54.50	1,014
Waivers		(24)	-	(15)
Total dividends paid	91.90	1,686	83.50	1,539
Proposed for the year:				
Interim - paid 25th September 2015	35.10	653	31.90	593
Waivers		(10)	-	(7)
Final - payable 4th February 2016	66.00	1,228	60.00	1,117
Total dividends proposed	101.10	1,871	91.90	1,703

Dividends totalling 101.10 pence per share are proposed in respect of the year. The amounts proposed in respect of the previous year have been paid and are therefore deducted from reserves as shown in note 21.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

10 Tangible fixed assets

Group	Land and Buildings £'000	Plant £'000	Total £'000
Cost or valuation			
At 31st August 2014	26,667	67,641	94,308
Additions	1,102	6,105	7,207
Disposals	-	(4,847)	(4,847)
Disposal with subsidiary	-	(1,196)	(1,196)
At 31st August 2015	27,769	67,703	95,472
At valuation: 30th April 1983	135	320	455
30th April 1991	500	1,500	2,000
31st August 2015	500	-	500
At cost	26,634	65,883	92,517
	27,769	67,703	95,472
Depreciation			
At 31st August 2014	13,702	44,808	58,510
Amounts provided	1,266	4,512	5,778
Released on disposals	-	(4,307)	(4,307)
Disposal with subsidiary	-	(296)	(296)
At 31st August 2015	14,968	44,717	59,685
Net book value			
At 31st August 2015	12,801	22,986	35,787
At 31st August 2014	12,965	22,833	35,798

The net book value of land and buildings includes £500,000 (2014 £500,000) 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. The directors consider that the valuation at 31st August 2015 is not materially different.

Should the group's investment property be sold at this market value, a tax liability of approximately £45,000 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 £117,101 (2014 £117,101) of long-leasehold property and £7,137,315 (2014 £7,754,892) 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 £3,680,607 (2014 £3,676,638).

The net book value of tangible fixed assets includes an amount of £3,382,064 (2014 £3,355,973) in respect of assets held under finance leases, and on which depreciation charged in the year was £698,927 (2014 £636,773).

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

10 Tangible fixed assets [Continued]

Company	Land and Buildings £'000	Plant £'000	Total £'000
Cost or valuation			
At 31st August 2014	642	1,279	1,921
Additions	-	42	42
Disposals	-	(971)	(971)
At 31st August 2015	642	350	992
At valuation: 31st August 2015	500	-	500
At cost	142	350	492
	642	350	992
Depreciation			
At 31st August 2014	21	430	451
Amounts provided	4	70	74
Released on disposals	-	(287)	(287)
At 31st August 2015	25	213	238
Net book value			
At 31st August 2015	617	137	754
At 31st August 2014	621	849	1,470

The net book value of land and buildings includes £500,000 (2014 £500,000) 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. The directors consider that the valuation at 31st August 2015 is not materially different.

Should the company's investment property be sold at this market value, a tax liability of approximately £45,000 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 balance of the net book value represents £117,000 (2014 £121,000) of freehold land and buildings.

Plant includes motor vehicles having a net book value of £4,488 (2014 £117,041).

The net book value of tangible fixed assets includes an amount of £Nil (2014 £256,109) in respect of assets held under finance leases, and on which depreciation charged in the year was £4,861 (2014 £35,551).

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

11 Intangible fixed assets

	Group £'000	Company £'000
Cost		
At 31st August 2014	44,386	8,690
Additions	123	-
At 31st August 2015	44,509	8,690
Amortisation		
At 31st August 2014	15,120	6,668
Amounts provided	3,596	637
At 31st August 2015	18,716	7,305
Net book value		
At 31st August 2015	25,793	1,385
At 31st August 2014	29,266	2,022

Included in the group cost of intangibles of £44,509,000 is £5,000,000 attributable to brand valuations. The amount amortised since acquisition amounts to £788,461.

12 Investments

Group	Associated undertakings £'000
Cost or valuation	
At 31st August 2014	17,669
Share of results	3,429
Exchange difference	678
At 31st August 2015	21,776

Associated undertakings

The share of associated undertakings' results represent the group's share of retained profits in Carrs Billington Agriculture (Sales) Limited, Vitamin Pet Foods Limited and WSO Investments Inc, a wholly owned subsidiary of WSO Holdings LP, through which the investment is held.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

12 Investments [Continued]

The group's investments in associated undertakings at 31st August 2015 is represented by the following:

	Total 2015 £'000	Total 2014 £'000
Share of fixed assets	7,721	6,351
Share of current assets	46,611	45,527
Share of current liabilities	(26,579)	(26,104)
Share of net current assets	20,032	19,423
Share of liabilities due after more than one year	(1,507)	(3,692)
Share of provisions	(4,470)	(4,413)
Share of net assets	21,776	17,669

The group's share of turnover of associated undertakings amounted to £158,692,245 (2014 £166,236,122) for the year.

Company Cost	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
At 31st August 2014	618	43,404	44,022
Additions	-	4,765	4,765
Disposal	-	(100)	(100)
At 31st August 2015	618	48,069	48,687

On 15th February 2015 the company acquired the minority interest of 15% of the share capital in Dickens 2014 Limited making it a wholly owned subsidiary. The company's cost of £4,665,000 is reflected in additions above.

On 6th August 2014 the company subscribed for 1,000 £1 ordinary shares, being 100% of the share capital of Billington Bioenergy Limited. On 29th September 2014 that company allotted a further 99,000 £1 ordinary shares to Edward Billington and Son Limited. The company was subsequently sold on 27th February 2015 as detailed in note 30.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

13 Stocks

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Raw materials	7,704	8,096	-	-
Goods for resale	13,984	14,712	-	412
	21,688	22,808	-	412

14 Debtors

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	27,700	27,734	70	130
Prepayments and accrued income	6,214	6,180	305	235
Other taxes	2,197	1,698	-	4
Subsidiary undertakings	-	-	10,622	6,611
Associated undertakings	19,155	17,825	527	1,031
Other debtors	890	627	207	59
Deferred tax asset (see note 19.1)	-	-	588	338
	56,156	54,064	12,319	8,408

The associated undertakings debtor includes £Nil (2014 £500,000) which will be repaid after more than one year.

15 Creditors - amounts falling due within one year

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current instalments on loans	2,991	2,265	2,491	1,765
Bank overdrafts	9,547	13,888	567	601
Trade creditors	24,661	25,950	143	329
Other creditors	609	2,176	296	605
Accruals and deferred income	18,801	12,231	4,197	2,972
Corporation tax	905	1,477	-	116
Other taxes and social security costs	944	1,034	615	629
Finance lease obligations	948	965	-	55
Subsidiary undertakings	-	-	14,269	13,770
	59,406	59,986	22,578	20,842

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

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

16 Creditors - amounts falling due after more than one year

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank loan	13,112	12,794	13,112	12,794
Other loan	-	500	-	-
Finance lease obligations	1,437	1,556	-	135
	14,549	14,850	13,112	12,929

Details of the other loan are given in note 27.

17 Lease obligations

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Finance leases				
Amounts falling due:				
Within one year	948	965	-	55
Within two to five years	1,437	1,556	-	135
	2,385	2,521	-	190
Operating lease commitments				
	Land and buildings		Plant and machinery	
Group	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Leases expiring:				
Within one year	176	199	235	86
Within two to five years	999	835	921	617
After five years	925	961	126	-
	2,100	1,995	1,282	703

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

Included above are annual rental commitments of £137,838 (2014 £133,280) relating to Edward Billington and Son Limited in respect of commitments for land and buildings expiring after five years, and £30,618 in respect of commitments for plant and machinery expiring within two to five years.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

18 Capital commitments

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Contracted for but not provided in the accounts	627	808	Nil	Nil

19 Provision for liabilities

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
19.1 - Deferred taxation	506	581	-	-
19.2 - Minority interests	8,081	10,988	-	-
19.3 - Other provision	-	672	-	672
	8,587	12,241	-	672

19.1 Deferred taxation

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Accelerated capital allowances	1,317	716	-	7
Short term timing differences	(811)	(135)	(588)	(345)
	506	581	(588)	(338)
At 31st August 2014	581	883	(338)	(145)
Profit and loss account	(75)	6	(250)	(193)
Acquired with subsidiary	-	(308)	-	-
At 31st August 2015	506	581	(588)	(338)

The profit and loss account credit shown above, excludes charges of £399,000 (2014 £500,000) and £197,000 (2014 £304,000) 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 25.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

19 Provision for liabilities [Continued]

19.2 Minority interests

Profit and loss account

The amount shown represents the profits for the year, after taxation, attributable to the investment in subsidiary undertakings held by minorities.

Balance Sheet

The amount shown represents the minority interest in the share capital and reserves of subsidiary undertakings at 31st August 2015. The movement on this provision is summarised below:

	£'000
At 31st August 2014	10,988
Profit and loss account charge	1,579
Acquisition of minority holding	(4,541)
Share of gains reported in the statement of total recognised gains and losses	55
At 31st August 2015	8,081

19.3 Other provisions

	Group £'000	Company £'000
At 31st August 2014	672	672
Amount paid	(378)	(378)
Provision released to profit and loss account	(294)	(294)
At 31st August 2015	-	-

The provision brought forward is in respect of PAYE and National Insurance on payments to directors through an Employee Benefit Trust. The liability was paid during the year, together with associated costs and the excess provision has been released to the profit and loss account.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

20 Capital of Edward Billington and Son Limited

	Authorised		Allotted, called up and fully paid	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Ordinary shares of £1 each	2,350	2,350	1,042	1,042
2007 ordinary shares of £1 each	400	400	400	400
Preferred ordinary shares of £1 each (non-voting)	1,150	1,250	346	419
2014 Preferred ordinary shares of £1 each (non-voting)	100	-	73	-
	4,000	4,000	1,861	1,861

The preferred and 2014 preferred ordinary shares of £1 each are independently valued each year. It was reported at the company's Annual General Meeting held on 26th February 2015 that the valuation of these shares was £29.00 per share. The directors are advised that the recommended valuation of these shares be increased to £33.00 per share following approval of these accounts.

At an Extraordinary General Meeting held on 25 November 2014, a Special Resolution was passed, adopting new Articles of Association, which include the reclassification of 100,000 of the authorised preferred ordinary shares of £1 each (non-voting), into 100,000 2014 preferred ordinary shares of £1 each (non-voting).

At the same meeting an Ordinary Resolution was passed to reclassify 58,541 of the existing issued preferred ordinary shares into 2014 preferred ordinary shares subject to the obligations set out in the new Articles of Association referred to above.

At the Annual General Meeting held on 26th February 2015 an Ordinary Resolution was passed to reclassify a further 14,060 of the existing issued preferred ordinary shares into 2014 preferred ordinary shares.

21 Reserves

Group	Share Premium Account £'000	Revaluation Reserve £'000	Capital Reserves £'000	Other Reserves £'000	Profit and Loss account £'000
At 31st August 2014	87	434	2,776	(314)	64,317
Movements in year:					
Profit for the year	-	-	-	-	13,097
Exchange differences	-	-	-	-	723
Actuarial loss on net pension liabilities	-	-	-	-	(310)
Deferred tax associated with net pension liabilities	-	-	-	-	69
Equity dividends paid	-	-	-	-	(1,686)
Investment in own shares	-	-	-	(249)	-
At 31st August 2015	87	434	2,776	(563)	76,210

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

21 Reserves [Continued]

Company	Share Premium Account £'000	Revaluation Reserve £'000	Capital Reserves £'000	Other Reserves £'000	Profit and Loss account £'000
At 31st August 2014	87	434	644	(314)	18,868
Movements in year:					
Profit for the year	-	-	-	-	7,642
Actuarial loss on net pension liabilities	-	-	-	-	(383)
Deferred tax associated with net pension liabilities	-	-	-	-	84
Equity dividends paid	-	-	-	-	(1,686)
Investment in own shares	-	-	-	(249)	-
At 31st August 2015	87	434	644	(563)	24,525

The Profit and Loss Account balances of £76,210,000 and £24,525,000 are stated after deduction of net pension deficits of £4,269,000 and £1,707,000 for the group and company respectively.

22 Reconciliation of movements in shareholders' funds

	2015 £'000	2014 £'000
Profit for the year	13,097	9,240
Equity dividends - paid	(1,686)	(1,539)
	11,411	7,701
Net actuarial (loss)/gain on pension liabilities	(241)	(1,922)
Movement on Employee Benefit Trust	(249)	(20)
Exchange differences	723	(465)
Net increase in shareholders' funds	11,644	5,294
Opening shareholders' funds	69,161	63,867
Closing shareholders' funds	80,805	69,161

23 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 £157,055 (2014 profits £71,710). These losses are recognised on futures contracts that were hedged against physical contracts in the 2016 financial year.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

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 £7,641,820 (2014 loss £626,073) which is dealt with in the accounts of Edward Billington and Son Limited.

25 Pensions

25.1 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 2015 was £1,626,876 (2014 £1,141,222).

25.2 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.

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 25.2.1 and 25.2.2 respectively which are reflected in aggregate on the group Balance Sheet.

	2015 £'000	2014 £'000
Edward Billington and Son Limited Retirement Benefits Scheme	1,707	2,117
Carrs Billington Agriculture Pension Scheme	2,562	3,455
	4,269	5,572

25.2.1 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 £629,000 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 2013, the company expects to contribute a further £592,800 during the year to 31st August 2016 towards the elimination of the scheme deficit.

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 2015 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.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

25 Pensions [Continued]

25.2.1 Edward Billington and Son Limited Retirement Benefits Scheme [Continued]

The following table sets out as at 31st August 2015 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.

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Total fair value of assets	19,942	22,915	20,555	17,778	16,085
Present value of liabilities	(22,076)	(25,572)	(22,924)	(22,682)	(19,002)
Gross pension deficit	(2,134)	(2,657)	(2,369)	(4,904)	(2,917)
Deferred tax asset	427	540	511	1,128	759
Net pension deficit	(1,707)	(2,117)	(1,858)	(3,776)	(2,158)

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

	2015	2014
Equities	66%	68%
Bonds	21%	19%
Property	1%	1%
Other	12%	12%
	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 5.72% for the year to 31st August 2015.

	2015 £'000	2014 £'000
Actual return on scheme assets	248	1,743

The principal actuarial assumptions used in the year were:	2015	2014
Discount rate	4.00%	4.00%
Expected long-term return on scheme assets	5.72%	5.72%

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

25 Pensions [Continued]

25.2.1 Edward Billington and Son Limited Retirement Benefits Scheme [Continued]

Assumed average life expectancy for mortality tables used to determine benefit obligations are as follows:		2015	2014
Member age 65 (current life expectancy)	- Male	22.90	23.20
	- Female	25.00	24.90
Member age 45 (life expectancy at age 65)	- Male	25.00	26.30
	- Female	27.30	27.20
Changes in the present value of the defined benefit obligations are as follows:		2015 £'000	2014 £'000
Benefit obligation at beginning of year		25,572	22,924
Interest cost		947	1,041
Actuarial (gains)/losses		(590)	2,219
Benefits paid		(3,853)	(612)
Benefit obligation at end of year		22,076	25,572
Analysis of defined benefit obligation			
Schemes that are wholly or partly funded		22,076	25,572
Change in the fair value of scheme assets are as follows:		2015 £'000	2014 £'000
Fair value of scheme assets at beginning of year		22,915	20,555
Expected return on scheme assets		1,224	1,276
Actuarial (loss)/gains		(973)	484
Employer contribution		629	1,212
Benefits paid		(3,853)	(612)
Fair value of scheme assets at end of year		19,942	22,915
Analysis of the amount credited to interest received			
Expected return on pension scheme assets		(1,224)	(1,276)
Interest on pension scheme liabilities		947	1,041
Net credit in profit and loss account		(277)	(235)
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)			
Actuarial loss immediately recognised		(383)	(1,735)

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 £7,510,000 at 31st August 2015.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

25 Pensions [Continued]

25.2.1 Edward Billington and Son Limited Retirement Benefits Scheme [Continued]

History of experience gains and losses	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Difference between the expected and actual return on the scheme assets:	(973)	484	1,240	97	1,185
Percentage of scheme assets	(5%)	2%	6%	1%	7%
Experience gains and losses on scheme liabilities	911	(575)	Nil	Nil	(2,094)
Percentage of the present value of the scheme liabilities	4%	(2%)	Nil	Nil	(11%)

25.2.2 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 1st December 2007.

Contributions paid into the scheme during the year amounted to £800,004. The company has agreed to contribute £800,000 to the scheme during the year to 31st August 2016.

FRS17

The actuarial valuation was updated to 31st August 2015 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 2015 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.

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Total fair value of assets	29,804	29,263	26,415	22,091	20,091
Present value of liabilities	(33,005)	(33,589)	(30,412)	(26,746)	(24,570)
Gross pension deficit	(3,201)	(4,326)	(3,997)	(4,655)	(4,479)
Deferred tax asset	640	871	823	1,071	1,164
Net pension deficit	(2,561)	(3,455)	(3,174)	(3,584)	(3,315)

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

25 Pensions [Continued]

25.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

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

	2015	2014
Equities	47%	47%
Bonds	39%	38%
Property	4%	4%
Other	10%	11%
	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 5.17% for the year to 31st August 2015.

	2015 £'000	2014 £'000
Actual return on scheme assets	1,114	3,361

The principal actuarial assumptions used in the year were:	2015	2014
Discount rate	4.00%	4.00%
Expected long-term return on scheme assets	5.17%	5.17%

Assumed average life expectancy for mortality tables used to determine benefit obligations are as follows:	2015	2014
Member age 65 (current life expectancy) - Male	22.90	23.00
- Female	25.00	25.40
Member age 45 (life expectancy at age 65) - Male	25.00	25.20
- Female	27.30	27.80

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

25 Pensions [Continued]

25.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

Changes in the present value of the defined benefit obligations are as follows:	2015 £'000	2014 £'000
Benefit obligation at beginning of year	33,589	30,412
Interest cost	1,316	1,369
Actuarial (gain)/losses	(527)	3,121
Benefits paid	(1,373)	(1,313)
Benefit obligation at end of year	33,005	33,589
Analysis of defined benefit obligation		
Schemes that are wholly or partly funded	33,005	33,589
Change in the fair value of scheme assets are as follows:		
Fair value of scheme assets at beginning of year	29,263	26,415
Expected return on scheme assets	1,499	1,503
Actuarial (loss)/gains	(385)	1,858
Employer contribution	800	800
Benefits paid	(1,373)	(1,313)
Fair value of scheme assets at end of year	29,804	29,263
Analysis of the amount credited to interest received		
Expected return on pension scheme assets	(1,499)	(1,503)
Interest on pension scheme liabilities	1,316	1,369
Net (credit)/charge in profit and loss account	(183)	(134)
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actuarial gain/(loss) immediately recognised	142	(1,263)

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 £9,711,000 at 31st August 2015.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

25 Pensions [Continued]

25.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

History of experience gains and losses	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Difference between the expected and actual return on the scheme assets:	(385)	1,858	3,524	1,327	(851)
Percentage of scheme assets	(1%)	6%	16%	6%	(4%)
Experience gains and losses on scheme liabilities	(302)	(918)	Nil	Nil	Nil
Percentage of the present value of the scheme liabilities	(1%)	3%	Nil	Nil	Nil

26 Operating entities

Subsidiary undertakings	Country of Incorporation	Percentage of equity held by the group
Agricultural division		
Carrs Billington Agriculture (Operations) Limited	England and Wales	51
Criddle & Co. Limited	England and Wales	100
Foods division		
Bar Foods Limited	England and Wales	100
Billington Food Ingredients Limited	England and Wales	100
English Provender Company Limited	England and Wales	100
Dickens 2014 Limited	England and Wales	100
TSC Foods Group Limited	England and Wales	100
Sauceinvest Limited	England and Wales	100
TSC Foods Limited	England and Wales	100
Associated undertakings		
+ Carrs Billington Agriculture (Sales) Limited	England and Wales	49
+ Vitamin Pet Foods Limited	Barbados	30
+ WSO Holdings LP (note 12)	U.S.A.	27.4

+ Indicates companies audited other than by Mitchell Charlesworth LLP.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

27 Related party transactions

Loans from shareholders amounted to £264,041 (2014 £280,736) on which interest of £5,215 (2014 £5,344) is payable.

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

Carr's Milling Industries PLC., and its subsidiary, Carrs Billington Agriculture (Sales) Limited, entered into the following material transactions with the group during the year and had outstanding balances as follows:

31st August 2015	Sales £'000	Purchases £'000	Creditors £'000	Debtors £'000
Carr's Milling Industries PLC.	8	44	555	1
Carrs Billington Agriculture (Sales) Limited	93,285	138	6	18,551

The balance of £555,399 (2014 £1,021,548) due to Carr's Milling Industries PLC. represents a secured, interest free loan of £500,000 (2014 £1,000,000) and trade creditors of £55,399 (2014 £21,548). Carr's Milling Industries PLC. will seek repayment of the £500,000 within the next 12 months in accordance with the loan agreement. Included within the £18,551,253 (2014 £17,105,000) due from Carrs Billington Agriculture (Sales) Limited is £500,000 (2014 £1,000,000) unsecured interest free loan.

31st August 2014	Sales £'000	Purchases £'000	Creditors £'000	Debtors £'000
Carr's Milling Industries PLC.	5	43	1,022	2
Carrs Billington Agriculture (Sales) Limited	99,451	254	18	17,105

28 Reconciliation of operating profit to operating cash flows

	2015 £'000	2014 £'000
Operating profit	11,727	10,948
Depreciation of tangible fixed assets	5,778	5,094
Amortisation of intangible fixed assets	3,596	2,837
Surplus on disposal of tangible fixed assets	(122)	(201)
Earnings before interest, depreciation and amortisation	20,979	18,678
Dividends from associates	-	23
Decrease in stocks	837	(1,104)
Increase in debtors	(3,242)	(2,858)
Increase in creditors	4,237	934
Provisions utilised	(672)	-
Defined benefit pension schemes	(1,530)	(2,012)
Net cash inflow from operating activities	20,609	13,661

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

29 Analysis of net debt

	At 31st August 2014 £'000	Cash Flow £'000	Other non- Cash Changes £'000	At 31st August 2015 £'000
Cash at bank and in hand	2,205	4,247	(36)	6,416
Bank overdrafts	(13,888)	4,341	-	(9,547)
	(11,683)	8,588	(36)	(3,131)
Debt due within one year	(1,765)	(726)	-	(2,491)
Debt due greater than one year	(12,794)	(318)	-	(13,112)
Finance leases	(2,521)	(337)	473	(2,385)
Total	(28,763)	7,207	437	(21,119)
			2015 £'000	2014 £'000
Increase in cash in the year			8,588	(17,341)
Cash inflow from increase in debt and lease financing			(1,381)	(14,968)
Acquired with subsidiary			-	1,010
Disposed of with subsidiary			437	-
Movement in net debt in the year			7,644	(31,299)
Net debt at 31st August 2014			(28,763)	2,536
Net debt at 31st August 2015			(21,119)	(28,763)

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2015

30 Disposal of subsidiary undertaking

On the 27th February 2015, the company sold the entire share capital of Billington Bioenergy Limited.

	At 31st August 2015	
	£'000	£'000
Net assets disposed of:		
Tangible fixed assets		900
Cash at bank		36
Stock		283
Debtors		583
Creditors		(1,155)
Finance leases		(473)
		174
Satisfied by:		
Cash	4,581	
Costs of disposal	(1,104)	3,477
		3,303
Inter-company debt write off		(567)
Exceptional item		2,736