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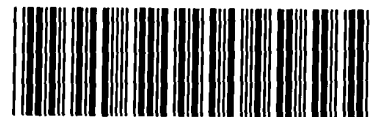
**Edward Billington and Son Limited  
and Subsidiaries**

**Annual Report and Accounts**

**For the 53 week period ended 4th September 2016**

**Company Registration Number 59883**

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

## **Annual Report and Accounts**

**For the 53 week period ended 4th September 2016**

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# Edward Billington and Son Limited and Subsidiaries

## Strategic Report

For the 53 week period ended 4th September 2016

### Principal activities and business review

The principal activities of the group during the period 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 period in respect of continuing operations were as follows:

	Period ended 4th September 2016 £'000	Period ended 30th August 2015 £'000
Turnover	299,845	308,666
Operating profit	12,454	12,472
Profit on ordinary activities before taxation	16,227	15,880
Shareholders' funds (excluding non-controlling interests)	88,007	80,680
Current assets as % current liabilities	150%	142%
Average number of employees	1,457	1,480

Turnover on continuing operations fell by 2.8% to £299m mainly due to lower commodity prices in agriculture.

The major trading businesses in the period ended 4th September 2016 were as follows:

- **English Provender.** The company had another successful year and increased both sales and profits. The growth of the business in recent year has been a major success for the group but will also necessitate continued investment in the coming years to increase production capacity at the factories.
- **Bar Foods.** After a period of prolonged growth, the company had a more challenging year in 2016 with market consolidation and experienced a modest decline in sales. We remain confident that this trend has been reversed in 2017.
- **TSC Foods.** Once again the market for chilled foods remained highly competitive and affected profitability but sales of products to the food service sector remained strong.
- **Wholesome Sweeteners.** The company returned to growth in the year. Sales grew by 5% and profits also increased. Wholesome also made its first acquisition during the year, TruSweets a US supplier of organic and natural candy, which is trading well.
- **Criddle and Co.** Overall performance was disappointing and a loss was incurred in the early part of the year. Consequently, the activities of the business were restructured, the grain trading business was sold and certain other trading activities were discontinued. The remaining business of the company has remained profitable since the restructure.
- **Carrs Billington Agriculture.** The company made a solid performance in a difficult market. Profits were in line with expectation although reduced from the previous year.
- **Dunkleys.** These accounts do not include the results for Dunkleys Limited which was acquired on 20th September 2017.

Overall the directors are pleased with the performance of the group during 2016 which provided a profit before tax, on continuing activities of £16.2m and overall profit before tax, including losses on discontinued activities, of £14.2m. The profit on continuing activities represented a 2.1% increase on 2015.

The balance sheet was further strengthened with shareholder's funds rising to £88m and debt falling by £12.2m to £8.9m.

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

## **Strategic Report**

**For the 53 week period ended 4th September 2016**

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The group's average number of employees decreased by 23 to 1,457 in the period to 4th September 2016.

The directors are budgeting for further growth in the 2017 financial year. The year has started well and the positive introduction of Dunkleys will further enhance performance. Like other UK food manufacturers however, the group will encounter significant increase in raw material costs in the remainder of the year due to the devaluation of Sterling. Mitigating these cost increases will be essential in order to hit budget for the year.

### **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. 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 53 week period ended 4th September 2016**

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### **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 9th January 2017

# Edward Billington and Son Limited and Subsidiaries

## Directors' Report

For the 53 week period ended 4th September 2016

The directors present their report to the shareholders together with the audited accounts for the period ended 4th September 2016.

### Profits, dividends and retentions

The results for the period are shown on the Consolidated Profit and Loss Account on page 9.

The profit on ordinary activities of the group, before taxation, exceptional items and minority interests, amounts to £14,268,843 (2015 £14,843,169).

Dividends of 117.80 pence per share (2015 101.10 pence per share) are proposed for approval at the forthcoming Annual General Meeting. These are not shown as a deduction against reserves in these accounts, but instead will fall into the 3rd September 2017 accounts when they are paid. Dividends of £1,854,809 which were proposed in the previous accounts have been paid during the period.

### Directors and directors' interests

The members of the Board of Directors at 4th September 2016, 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	
	2016	2015	2016	2015
E.W. Billington	<b>68,726</b>	68,726	<b>19,954</b>	19,204
W.E. Billington	<b>30,925</b>	30,925	<b>6,750</b>	6,750
G.M. Blake	<b>50</b>	50	<b>7,406</b>	6,006
A. Kemp	-	-	<b>1,200</b>	1,000
A.S. King	-	-	<b>2,000</b>	1,250
D. Marshall	<b>99</b>	99	<b>10,050</b>	9,300
L.L.R. Whiteley	<b>118,774</b>	118,774	<b>34,595</b>	33,845

The holding of ordinary shares of Mr. E.W. Billington, Mr. W.E. Billington and Mr. L.L.R. Whiteley stated above includes 26,672 2007 'A' ordinary shares, 11,000 2007 'C' 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 5,650 (2015 4,250) preferred ordinary shares that are held in a small self administered pension scheme.

Mr. D. Marshall and Mr. L.L.R. Whiteley 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 was confirmed at the 2016 Annual General Meeting.

Ms. A. Kemp was appointed as a director on 4th April 2016. The appointment is subject to confirmation at the 2017 Annual General Meeting.

Mr. S.G. Hughes was appointed as a director on 5th September 2016. The appointment is subject to confirmation at the 2017 Annual General Meeting.

Mr. D. Brooks resigned as a director on 8th July 2016. At 30th August 2015 and 8th July 2016 Mr. Brooks had an interest in 750 and 1,500 2014 preferred ordinary shares respectively.

### 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 pages 1 to 3.

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

## **Directors' Report**

**For the 53 week period ended 4th September 2016 [Continued]**

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### **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.

Company law requires the directors to prepare accounts for each financial period. 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 period.

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 period the group contributed £72,477 for charitable purposes (2015 £68,370).

### **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 9th January 2017

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

## **Directors' Remuneration Report**

**For the 53 week period ended 4th September 2016**

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### **Dear Shareholder**

I am pleased to present the Directors' Remuneration Report for the 53 week period ended 4th September 2016.

The purpose of this report is to give shareholders an understanding of the Group's remuneration strategy and how it links to the profitability.

All aspects of the directors' remuneration are monitored and approved by an independent Remuneration Committee (Remco). The members of this are currently:

Mr A S King (Chairman of the Remuneration Committee and Independent Non-Executive Director of Edward Billington & Son Limited)

Mr L L R Whiteley (Chairman of Edward Billington and Son Limited)

Mr C E G Atkins (Independent Shareholder Representative)

### **The Group's performance in 2016**

2016 saw another increase in the Group's profit on continuing activities but a loss was made on discontinuing certain trading activities in Criddle & Co Limited. The net profit, including these discontinued activities, was lower than that in the previous year. The total cost of Directors' annual bonus and the Long-term incentive plan in 2016 was lower as a result.

During the year, the Remco undertook a thorough review of the remuneration arrangements for the senior executives of Edward Billington and Son Limited (EBS) to ensure that the EBS business is able to recruit, retain and appropriately incentivise the best calibre executives to deliver the future plans as set out in the Group's 4 year plan. Additionally, the timing coincided with a number of key events within the EBS business. Firstly, the previous 5 year Long Term Incentive Plan (LTIP) was coming to an end, and needed to be reviewed in depth. Additionally, in discussion with the Chairman and Chief Executive, it became apparent to the Committee, that a number of changes and appointments to the board were forthcoming, and the need to ensure the executives remuneration was fit for purpose was imperative. The result was a new policy for 2017 which is summarised below.

### **2017 Remuneration Policy**

#### **Basic Salary and Benefits**

Following the benchmarking of the senior executive team's remuneration against similar roles in comparable companies in the UK it was felt that, although EBS' total directors' remuneration was comparable, the proportion paid as salary was too low and too large a proportion of the total remuneration was profit related. It was proposed by the committee to move the salaries towards the average for our benchmarking cohort, and to make appropriate changes to the other aspects of remuneration.

#### **Annual Bonus**

The annual bonus has historically been linked to a percentage of profits. This has now been modified to be a percentage of base salary for each director, where the appropriate percentage is driven by Group profits. The annual bonus is also being amended to include 25% of the bonus to be paid for the delivery of Key Performance Indicators (KPIs). The KPIs are the less financial element of the executives' targets and are intended to align the group to such business critical areas as Corporate Social Responsibility, People Development, Health and Safety and Strategic Planning. The proposed KPIs are to be signed off by the Remco. The intention is that the annual bonus for the Chief Executive Officer, on the delivery of the budget will be less than his annual salary. Over performance of the business (and assuming all KPI targets are hit), will see bonus payments of below 100% of salary, until profit exceeds budget by 20%.



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

## **Directors' Remuneration Report**

**For the 53 week period ended 4th September 2016 [Continued]**

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### **2017 Remuneration Policy [Continued]**

#### **Long-term Incentive Plan**

Following discussions with Family Non-Executive Directors and also as a result of the benchmarking process, a new Long-term incentive plan has been launched from 5th September 2016. The new scheme will accrue value equal to a percentage of base salary over a rolling three-year period for the executive directors. The percentage of salary accrued will be determined by the growth of Group profits during that three-year period. If profit targets are achieved, the amount of incentive accrued will be the equivalent of up to 80% of salary for each year.

The Remco will have discretion to ensure fairness to shareholders and participants and has provision to pay out at the maturity dates for "good leavers" (ill health, disability, retirement, departure in agreement with the Chairman and Remco), but will see payments forfeited for "bad leavers". A malus provision to protect the company in the event of serious financial misstatement, miscalculation, or gross misconduct has been provided.

#### **Pensions & Other Benefits**

Pension contributions of between 10% and 19% of base salary are paid. Certain directors choose to waive this entitlement in return for higher salaries. A conventional benefits package, commensurate with each Director's role, is also offered.

#### **Independent Non-Executive Directors**

Independent Non-Executive Directors are paid a fixed salary for an annual contract. No profit sharing bonuses or long-term incentive payments are paid.

Andrew King  
Chairman, Remuneration Committee

9th January 2017

# 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**

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We have audited the accounts of Edward Billington and Son Limited for the period ended 4th September 2016 on pages 9 to 47 which have been prepared on the basis of the accounting policies set out on pages 15 to 21. 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 page 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 4th September 2016 and of the profit of the group for the period 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 period 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

9th January 2017

# Edward Billington and Son Limited and Subsidiaries

## Consolidated Profit and Loss Account

For the 53 week period ended 4th September 2016

	Notes	Continuing Operations 2016 £'000	Discontinued Operations 2016 £'000	Total 2016 £'000	Continuing Operations 2015 £'000	Discontinued Operations 2015 £'000	Total 2015 £'000
<b>Turnover</b>	3	<b>299,845</b>	<b>16,380</b>	<b>316,225</b>	308,666	42,564	351,230
Cost of sales		<b>(246,421)</b>	<b>(18,171)</b>	<b>(264,592)</b>	(256,227)	(42,158)	(298,385)
<b>Gross profit</b>		<b>53,424</b>	<b>(1,791)</b>	<b>51,633</b>	52,439	406	52,845
Distribution costs		<b>(17,748)</b>	-	<b>(17,748)</b>	(17,968)	(303)	(18,271)
Administrative expenses		<b>(23,222)</b>	<b>(142)</b>	<b>(23,364)</b>	(21,999)	(1,013)	(23,012)
<b>Operating profit</b>	4	<b>12,454</b>	<b>(1,933)</b>	<b>10,521</b>	12,472	(910)	11,562
Exceptional item	6	-	-	-	-	2,736	2,736
Share of operating results of associates		<b>5,311</b>	-	<b>5,311</b>	5,390	-	5,390
<b>Profit on ordinary activities before interest</b>		<b>17,765</b>	<b>(1,933)</b>	<b>15,832</b>	17,862	1,826	19,688
Net interest paid	7	<b>(1,538)</b>	<b>(26)</b>	<b>(1,564)</b>	(1,982)	(127)	(2,109)
<b>Profit on ordinary activities before taxation</b>		<b>16,227</b>	<b>(1,959)</b>	<b>14,268</b>	15,880	1,699	17,579
Taxation	8			<b>(3,573)</b>			(3,597)
<b>Profit for the financial period</b>				<b>10,695</b>			13,982
Profit for the financial period attributable to:							
Owners of the parent				<b>9,484</b>			12,562
Non-controlling interests	21			<b>1,211</b>			1,420

The notes on pages 15 to 47 form part of these accounts.

Dividends amounting to £2,183,799 (2015 £1,870,905) are proposed for the period and are detailed in note 9.

# Edward Billington and Son Limited and Subsidiaries

## Consolidated Statement of Comprehensive Income

For the 53 week period ended 4th September 2016

	2016 £'000	2015 £'000
Profit for the period	10,695	13,982
Re-measurement loss on defined benefit pension plans	(4,297)	533
Deferred tax movement associated with defined benefit pension plans	733	(100)
Exchange differences	1,964	723
Total comprehensive income for the period	9,095	15,138
Total comprehensive income for the period attributable to:-		
Owners of the parent	8,895	13,504
Non-controlling interests	200	1,634
	9,095	15,138

# Edward Billington and Son Limited and Subsidiaries

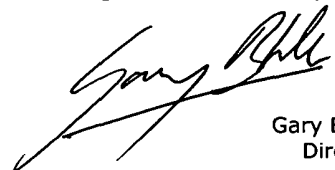
## Balance Sheets

As at 4th September 2016

		Group		Company	
	Notes	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Fixed assets</b>					
Intangible assets	10	22,192	25,793	748	1,385
Tangible assets	11	35,561	35,287	209	254
Investments	12	27,563	22,176	49,087	49,087
		85,316	83,256	50,044	50,726
<b>Current assets</b>					
Stocks	13	19,014	21,688	-	-
Debtors	14	53,896	56,692	12,285	12,721
Cash at bank and in hand		10,898	6,416	6,086	1,240
		83,808	84,796	18,371	13,961
<b>Creditors</b>					
Amounts falling due within one year	15	(55,700)	(59,406)	(28,150)	(22,578)
<b>Net current assets</b>		28,108	25,390	(9,779)	(8,617)
<b>Total assets less current liabilities</b>		113,424	108,646	40,265	42,109
<b>Creditors</b>					
Amounts falling due after more than one year	16	(8,589)	(14,549)	(7,490)	(13,112)
<b>Net assets excluding pension liabilities</b>		104,835	94,097	32,775	28,997
Defined benefit pension liabilities	25	(8,547)	(5,336)	(3,447)	(2,134)
		96,288	88,761	29,328	26,863
<b>Capital and reserves</b>					
Called up share capital	19	1,861	1,861	1,861	1,861
Share premium account	20	87	87	87	87
Capital reserves	20	2,776	2,776	644	644
Other reserves	20	(276)	(563)	(276)	(563)
Profit and loss account	20	83,559	76,519	27,012	24,834
		88,007	80,680	29,328	26,863
Non-controlling interests	21	8,281	8,081	-	-
		96,288	88,761	29,328	26,863

Approved by the Board of Directors and authorised for issue on 9th January 2017 and are signed on its behalf by:

Lloyd Whiteley  
Director

Gary Blake  
Director

The notes on pages 15 to 47 form part of these accounts.

Company Registration No. 59883

# Edward Billington and Son Limited and Subsidiaries

## Consolidated Statement of Cash Flows

For the 53 week period ended 4th September 2016

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	20,686	20,609
Income taxes paid		(2,388)	(3,222)
Interest paid		(404)	(694)
<b>Net cash generated from operating activities</b>		<b>17,894</b>	<b>16,693</b>
<b>Cash flows from investing activities</b>			
Purchases of tangible fixed assets		(4,598)	(7,067)
Proceeds from sale of tangible fixed assets		425	662
Additional investment in subsidiary undertaking		-	(4,665)
Proceeds from sale of subsidiary undertaking		-	3,477
Interest received		53	42
		<b>(4,120)</b>	<b>(7,551)</b>
<b>Cash flows from financing activities</b>			
New loans		-	3,360
Repayment of loans		(5,560)	(2,316)
New finance leases		555	1,666
Repayment of finance lease obligations		(1,110)	(1,329)
Movement in Employee Benefit Trust		287	(249)
Dividends paid		(1,855)	(1,686)
<b>Net cash used in financing activities</b>		<b>(7,683)</b>	<b>(554)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,091</b>	<b>8,588</b>
Disposed of with subsidiary undertaking		-	(36)
		<b>6,091</b>	<b>8,552</b>
Cash and cash equivalents at 31st August 2015		<b>(3,131)</b>	<b>(11,683)</b>
<b>Cash and cash equivalents at 4th September 2016</b>		<b>2,960</b>	<b>(3,131)</b>
<b>Relating to:</b>			
Cash at bank and in hand		<b>10,898</b>	<b>6,416</b>
Bank overdrafts included in creditors payable within one year		<b>(7,938)</b>	<b>(9,547)</b>
		<b>2,960</b>	<b>(3,131)</b>

# Edward Billington and Son Limited and Subsidiaries

## Consolidated Statement of Changes in Equity

For the 53 week period ended 4th September 2016

	Called up share capital £'000	Share premium account £'000	Capital reserves £'000	Other reserves £'000	Profit and loss account £'000	Amounts attributable to the parent £'000	Non controlling interests £'000	Total £'000
At 1st September 2014	1,861	87	2,776	(314)	64,701	69,111	10,988	<b>80,099</b>
Profit for the financial period	-	-	-	-	12,562	12,562	1,420	<b>13,982</b>
Other comprehensive income	-	-	-	-	942	942	214	<b>1,156</b>
Total comprehensive income for the period	-	-	-	-	13,504	13,504	1,634	<b>15,138</b>
Acquisition of minority holding	-	-	-	-	-	-	(4,541)	<b>(4,541)</b>
Movement in Employee Benefit Trust	-	-	-	(249)	-	(249)	-	<b>(249)</b>
Dividends paid	-	-	-	-	(1,686)	(1,686)	-	<b>(1,686)</b>
<b>At 30th August 2015 (as restated)</b>	<b>1,861</b>	<b>87</b>	<b>2,776</b>	<b>(563)</b>	<b>76,519</b>	<b>80,680</b>	<b>8,081</b>	<b>88,761</b>
Profit for the financial period	-	-	-	-	9,484	9,484	1,211	<b>10,695</b>
Other comprehensive income	-	-	-	-	(589)	(589)	(1,011)	<b>(1,600)</b>
Total comprehensive income for the period	-	-	-	-	8,895	8,895	200	<b>9,095</b>
Movement in Employee Benefit Trust	-	-	-	287	-	287	-	<b>287</b>
Dividends paid	-	-	-	-	(1,855)	(1,855)	-	<b>(1,855)</b>
<b>At 4th September 2016</b>	<b>1,861</b>	<b>87</b>	<b>2,776</b>	<b>(276)</b>	<b>83,559</b>	<b>88,007</b>	<b>8,281</b>	<b>96,288</b>

# Edward Billington and Son Limited and Subsidiaries

## Company Statement of Changes in Equity

For the 53 week period ended 4th September 2016

	Called up share capital £'000	Share Premium account £'000	Capital reserves £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1st September 2014	1,861	87	644	(314)	19,252	<b>21,530</b>
Profit for the financial period	-	-	-	-	7,272	<b>7,272</b>
Other comprehensive income	-	-	-	-	(4)	<b>(4)</b>
Total comprehensive income for the period	-	-	-	-	7,268	<b>7,268</b>
Movement in Employee Benefit Trust	-	-	-	(249)	-	<b>(249)</b>
Dividends paid	-	-	-	-	(1,686)	<b>(1,686)</b>
<b>At 30th August 2015 (as restated)</b>	<b>1,861</b>	<b>87</b>	<b>644</b>	<b>(563)</b>	<b>24,834</b>	<b>26,863</b>
Profit for the financial period	-	-	-	-	5,534	<b>5,534</b>
Other comprehensive income	-	-	-	-	(1,501)	<b>(1,501)</b>
Total comprehensive income for the period	-	-	-	-	4,033	<b>4,033</b>
Movement in Employee Benefit Trust	-	-	-	287	-	<b>287</b>
Dividends paid	-	-	-	-	(1,855)	<b>(1,855)</b>
<b>At 4th September 2016</b>	<b>1,861</b>	<b>87</b>	<b>644</b>	<b>(276)</b>	<b>27,012</b>	<b>29,328</b>



# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts

For the 53 week period ended 4th September 2016

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### 1 Accounting policies

#### Company information

Edward Billington and Son Limited is a company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, Cunard Building, Liverpool, Merseyside, L3 1EL.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost basis except for investment properties which are included at fair value. The principal accounting policies adopted are set out below.

These financial statements for the period ended 4th September 2016 are the first financial statements of Edward Billington and Son Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1st September 2014. An explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 29.

#### 1.2 Going concern

At the time of approving the financial statements, the directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade and other settlement discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Intangible fixed assets

Goodwill represents the excess of the cost of investments over the fair value of the net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life of ten years.

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 1 Accounting policies [Continued]

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially recorded at cost (or deemed cost) and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation of tangible fixed assets, other than freehold land, is calculated to write off the cost of an asset, less its estimated residual value over the useful economic life of that asset as follows:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value of each reporting date with changes recognised in profit or loss.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

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### 1 Accounting policies [Continued]

#### 1.8 Investments

##### *Investments in subsidiaries*

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group governs the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

##### *Investments in associates*

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in associates are accounted for at cost less impairment in the individual financial statements.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the statement of financial position when the group or company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

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### 1 Accounting policies [Continued]

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group or company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

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### 1 Accounting policies [Continued]

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax 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 reporting date.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

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### 1 Accounting policies [Continued]

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense when they become payable.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

As the schemes have ceased to accrue further benefits to members, there is no charge in the net defined benefit liability arising from employee service during the period.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

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### 1 Accounting policies [Continued]

#### 1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased assets (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

#### 1.16 Foreign currency translation

##### ***Functional currency and presentation currency***

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

##### ***Transactions and balances***

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

##### ***Translation of group companies***

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The defined benefit pension liabilities are determined on an actuarial basis using a variety of assumptions. Any changes in these assumptions, which are disclosed in note 25, will impact on the carrying amount of the pension liability. The directors have considered the advice of the actuary in determining the basis of these assumptions.

### 3 Turnover and other revenue

	2016 £'000	2015 £'000
An analysis of the Group's turnover is as follows:		
<b>Turnover</b>		
Sale of goods	316,225	351,230
<b>Turnover analysed by geographical market</b>		
United Kingdom	313,405	348,629
Overseas	2,820	2,601
	316,225	351,230



# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 4 Operating profit

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

	2016 £'000	2015 £'000
<b>Charging</b>		
Directors' emoluments (see note 5)	2,021	3,062
Operating lease rentals		
- land and buildings	2,190	2,014
- plant and machinery	1,674	1,608
Depreciation	5,686	5,778
Amortisation of goodwill	3,601	3,596
Cost of stocks recognised as an expense	196,251	235,963
<b>Crediting</b>		
Surplus on disposal of fixed assets	340	122

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

	2016 £'000	2015 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	22	21
<b>Fees payable to the company's auditor for other services:</b>		
Audit of the company's subsidiaries, pursuant to legislation	68	66
Accounting services	35	34
Tax services	33	29
Other services	9	15
<b>Fees payable in respect of the Edward Billington &amp; Son Limited Retirement Benefits Scheme</b>		
Audit	3	3
Tax services	1	1

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 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:

	2016 £'000	2015 £'000
Number of directors whose emoluments are included below	8	6
Management remuneration (including benefits in kind)	826	726
Profit sharing bonuses	547	963
Pension scheme contributions	61	122
	1,434	1,811
Benefits accrued under long-term incentive plan	587	1,251
	2,021	3,062

Pension scheme contributions represent amounts paid to defined contribution schemes during the period. The number of directors who were members of a defined contribution scheme was 5 (2015 4) and the number who were members of a defined benefit scheme was 3 (2015 3).

	2016 £'000	2015 £'000
The emoluments of the highest paid director were as follows:		
Aggregate emoluments, excluding pension contributions	371	442
Company pension contributions to a defined contribution scheme	50	50

In addition to the above, the director accrued benefits of £225,785 during the period (2015 £459,000) in respect of a five year long-term incentive plan that commenced in 2012.

Employees	2016 £'000	2015 £'000
<b>Total cost of employment:</b>		
Wages and salaries	37,322	36,921
Social security costs	3,433	3,656
Other pension costs	1,425	1,627
	42,180	42,204

	2016 Number	2015 Number
<b>Average number of employees</b>		
Management and administration	283	247
Selling and distribution	94	102
Direct labour and production	1,080	1,131
	1,457	1,480

The defined benefit scheme is the Edward Billington & 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.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 6 Exceptional item

The exceptional item in the prior period related to the profit on disposal of Billington Bioenergy Limited in February 2015.

### 7 Net interest paid

	2016 £'000	2015 £'000
<b>Interest paid</b>		
Bank interest	6	45
Loan interest	311	492
Finance leases	87	112
Net interest on defined benefit pension liability	186	249
Other interest	-	45
	<b>590</b>	943
<b>Interest received</b>		
Bank interest	(47)	(42)
Other interest	(5)	-
	<b>(52)</b>	(42)
<b>Associated undertakings</b>		
Interest paid	1,027	1,223
Interest received	(1)	(15)
	<b>1,026</b>	1,208
<b>Net interest paid</b>	<b>1,564</b>	2,109

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 8 Taxation

		2016		2015	
8.1	Analysis of charge for period	£'000	£'000	£'000	£'000
<b>Current tax:</b>					
	UK corporation tax on profit for the period				
	Group companies	2,442		2,844	
	Associated undertakings	412		521	
	Foreign taxation				
	Associated undertakings	871		651	
	Adjustment in respect of previous period				
	Group companies	(77)		(190)	
	Associated undertakings	45		65	
Total current tax			3,693		3,891
<b>Deferred tax:</b>					
	Origination and reversal of timing differences				
	Group companies	348		144	
	Associated undertakings	(468)		(438)	
Total deferred tax			(120)		(294)
Tax on profit on ordinary activities			3,573		3,597
			2016		2015
8.2	Factors affecting the current tax charge for the period		£'000		£'000
Tax arising on profit on ordinary activities at the standard rate of corporation tax of 20% (2015 21%)			2,854		3,692
<b>Effects of:</b>					
	Expenses not deductible for tax purposes		37		48
	Depreciation and amortisation not deductible for tax purposes		878		862
	Income not taxable		(466)		(925)
	Higher tax rates on overseas earnings		382		108
	Adjustment to reflect effective tax rate		(80)		(63)
	Adjustment in respect of previous period		(32)		(125)
			3,573		3,597

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

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

	Pence per share	2016 £'000	Pence per share	2015 £'000
<b>Paid during the period:</b>				
Interim - paid 25th September 2015	35.10	653	31.90	593
Final - paid 4th February 2016	66.00	1,228	60.00	1,117
Waivers		(26)		(24)
<b>Total dividends paid</b>	<b>101.10</b>	<b>1,855</b>	91.90	1,686
<b>Proposed for the period:</b>				
Interim - paid 23rd September 2016	38.60	718	35.10	653
Waivers		(8)		(10)
Final - payable 9th February 2017	79.20	1,474	66.00	1,228
<b>Total dividends proposed</b>	<b>117.80</b>	<b>2,184</b>	101.10	1,871

Dividends totalling 117.80 pence per share are proposed in respect of the period. The amounts proposed in respect of the previous period have been paid and are therefore deducted from reserves as shown in the Statement of Changes in Equity.

### 10 Intangible fixed assets

	<b>Goodwill</b>	
	<b>Group £'000</b>	<b>Company £'000</b>
<b>Cost</b>		
At 31st August 2015 and at 4th September 2016	44,509	8,690
<b>Amortisation</b>		
At 31st August 2015	18,716	7,305
Amounts provided	3,601	637
At 4th September 2016	22,317	7,942
<b>Net book value</b>		
At 4th September 2016	22,192	748
At 30th August 2015	25,793	1,385

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 £1,288,461 (2015 £788,461).

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 11 Tangible fixed assets

Group	Land and Buildings £'000	Plant £'000	Total £'000
<b>Cost or valuation</b>			
At 31st August 2015	27,269	67,703	<b>94,972</b>
Additions	460	5,585	<b>6,045</b>
Disposals	-	(1,025)	<b>(1,025)</b>
Transfers	10	(10)	-
At 4th September 2016	27,739	72,253	<b>99,992</b>
<b>Depreciation</b>			
At 31st August 2015	14,968	44,717	<b>59,685</b>
Amounts provided	1,254	4,432	<b>5,686</b>
Released on disposals	-	(940)	<b>(940)</b>
Transfers	10	(10)	-
At 4th September 2016	16,232	48,199	<b>64,431</b>
<b>Net book value</b>			
At 4th September 2016	11,507	24,054	<b>35,561</b>
At 30th August 2015	12,301	22,986	<b>35,287</b>

The net book value of land and buildings includes £117,101 (2015 £117,101) of long-leasehold property and £6,190,640 (2015 £7,137,315) 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 £3,358,223 (2015 £3,680,607).

The net book value of tangible fixed assets includes an amount of £3,140,351 (2015 £3,382,064) in respect of assets held under finance leases, and on which depreciation charged in the period was £645,558 (2015 £698,927).

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 11 Tangible fixed assets [Continued]

Company	Freehold Land and Buildings £'000	Plant £'000	Total £'000
<b>Cost</b>			
At 31st August 2015	142	350	<b>492</b>
Additions	-	4	<b>4</b>
At 4th September 2016	142	354	<b>496</b>
<b>Depreciation</b>			
At 31st August 2015	25	213	<b>238</b>
Amounts provided	3	46	<b>49</b>
At 4th September 2016	28	259	<b>287</b>
<b>Net book value</b>			
At 4th September 2016	114	95	<b>209</b>
At 30th August 2015	117	137	<b>254</b>

Plant includes motor vehicles having a net book value of £570 (2015 £4,488).

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 12 Investments

Group	Investment properties £'000	Associated undertakings £'000	Total £'000
<b>Cost or valuation</b>			
At 31st August 2015 (as restated)	400	21,776	<b>22,176</b>
Share of results	-	3,423	<b>3,423</b>
Exchange difference	-	1,964	<b>1,964</b>
At 4th September 2016	400	27,163	<b>27,563</b>

The investment property was valued by Matthews & Goodman, property advisers, having regard to the current condition of the property and current market conditions.

Should the investment property be sold at this market value, a tax liability of approximately £21,000 would arise. This amount is included within the deferred taxation provision.

#### 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.

Company	Investment properties £'000	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
<b>Cost or valuation</b>				
At 31st August 2015 (as restated) and at 4th September 2016	400	618	48,069	<b>49,087</b>

The investment property was valued by Matthews & Goodman, property advisers, having regard to the current condition of the property and current market conditions.

Should the investment property be sold at this market value, a tax liability of approximately £21,000 would arise. This amount is included within the deferred taxation provision.

The group and company's interests in its operating entities are shown in note 26.



# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 13 Stocks

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Raw materials	7,486	7,704	-	-
Goods for resale	11,528	13,984	-	-
	19,014	21,688	-	-

Amounts recognised in cost of sales during the period in respect of stock losses and obsolescence were £2,332,518 (2015 £2,074,970).

### 14 Debtors

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	25,787	27,700	123	70
Subsidiary undertakings	-	-	10,525	10,622
Associated undertakings	21,391	19,155	52	527
Other taxes	1,758	2,197	37	-
Other debtors	1,382	890	60	207
Prepayments and accrued income	2,657	6,214	336	305
Deferred taxation (see note 18)	921	536	1,152	990
	53,896	56,692	12,285	12,721

Impairment losses of £9,929 (2015 £34,725) were recognised against trade debtors.

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

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank overdrafts	7,938	9,547	-	567
Current instalments on loans	2,553	2,991	2,553	2,491
Finance lease obligations	731	948	-	-
Trade creditors	23,174	24,661	188	143
Subsidiary undertakings	-	-	20,033	14,269
Other taxes and social security costs	842	944	476	615
Corporation tax	844	905	-	-
Other creditors	802	609	360	296
Accruals and deferred income	18,816	18,801	4,540	4,197
	55,700	59,406	28,150	22,578

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 53 week period ended 4th September 2016

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

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank loan	7,490	13,112	7,490	13,112
Finance lease obligations	1,099	1,437	-	-
	<b>8,589</b>	14,549	<b>7,490</b>	13,112

Bank and other loans are repayable as follows:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Within one year	2,553	2,991	2,553	2,491
Between one to two years	2,553	2,553	2,553	2,553
Between two and five years	4,937	10,559	4,937	10,559
	<b>10,043</b>	16,103	<b>10,043</b>	15,603

### 17 Lease commitments

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Finance leases</b>				
Amounts falling due:				
Within one year	731	948	-	-
Within two to five years	1,099	1,437	-	-
	<b>1,830</b>	2,385	-	-

#### Operating lease commitments

At the reporting date, outstanding commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:-

	Group		Company	
Group	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Leases expiring:				
Within one year	3,284	3,286	176	169
Within two to five years	9,133	8,370	616	478
After five years	6,383	7,747	206	472
	<b>18,800</b>	19,403	<b>998</b>	1,119

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 18 Deferred taxation

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Accelerated capital allowances	1,331	1,317	(6)	-
Revaluation surplus	21	25	21	25
Short term timing differences	(693)	(811)	(529)	(588)
Defined benefit pension liabilities	(1,580)	(1,067)	(638)	(427)
	(921)	(536)	(1,152)	(990)
At 31st August 2015	(536)	(780)	(990)	(828)
Profit and loss account	348	144	152	(152)
Statement of other comprehensive income	(733)	100	(314)	(10)
At 4th September 2016	(921)	(536)	(1,152)	(990)

### 19 Capital of Edward Billington and Son Limited

	Authorised		Allotted, called up and fully paid	
	2016 £'000	2015 £'000	2016 £'000	2015 £'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	1,150	346	346
2014 Preferred ordinary shares of £1 each (non-voting)	100	100	73	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 4th February 2016 that the valuation of these shares was £33.00 per share. The directors are advised that the recommended valuation of these shares be increased to £37.50 per share following approval of these accounts.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 20 Reserves

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

**Capital reserves** - represents the nominal value of shares redeemed within the group together with other reserves established on the historic acquisition of subsidiaries.

**Other reserve** - represents the value of the funds held by the trustees of the Edward Billington & Son Employee Benefit Trust less the value of company shares held by the trust and the initial contributions made by the company.

**Profit and loss account** - includes all current and prior period retained profits and losses.

### 21 Non-controlling interests

#### Profit and loss account

The amount shown represents the profits for the period, after taxation, attributable to the investment in subsidiary undertakings held by non-controlling parties.

#### Balance Sheet

The amount shown represents the share of capital and reserves of subsidiary undertakings attributable to non-controlling parties at 4th September 2016. The movement on the share of equity is summarised below:

	£'000
At 31st August 2015	8,081
Profit and loss account charge	1,211
Share of other comprehensive income	(1,011)
At 4th September 2016	8,281

### 22 Capital commitments

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Contracted for but not provided in the accounts	478	627	Nil	Nil

### 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.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 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 period includes a profit of £5,533,134 (2015 £7,271,820) which is dealt with in the accounts of Edward Billington and Son Limited.

### 25 Retirement benefit schemes

#### 25.1 Defined contribution schemes

The group operates a number of defined contribution pension schemes for qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.

The charge to profit or loss in respect of defined contribution schemes was £1,425,000 (2015 £1,627,000).

#### 25.2 Defined benefit schemes

The group also operates two defined benefit pension schemes, the Edward Billington & Son Limited Retirement Benefits Scheme and the 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 pension liabilities of the Edward Billington & 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.

	2016 £'000	2015 £'000
Edward Billington & Son Limited Retirement Benefits Scheme	3,447	2,134
Carrs Billington Agriculture Pension Scheme	5,100	3,202
	<b>8,547</b>	5,336

#### 25.2.1 Edward Billington & 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 paid into the scheme during the period amounted to £592,800. The company has agreed to contribute £592,800 to the scheme during the period to 3rd September 2017.

The liabilities of the scheme have been calculated by reference to the results of the 1st September 2013 full actuarial valuation. These have been updated for benefits paid out and changes to assumptions in the period to the balance sheet date, to determine the defined benefit obligation reported below.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 25 Retirement benefit schemes [Continued]

#### 25.2.1 Edward Billington & Son Limited Retirement Benefits Scheme [Continued]

Key assumptions	2016 %	2015 %
Discount rate	2.20	4.00
Expected rate of increase of pensions in payment	2.80	3.00
Expected rate of salary increases	1.90	2.10
Pension increases - RPI max 5%	2.75	2.90
Pension increases - RPI max 3%	2.30	2.40
Pension increases - RPI max 2.5%	2.00	2.10
Mortality assumptions	2016 Years	2015 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.40	22.90
- Females	24.50	25.00
Retiring in 20 years		
- Males	24.10	25.00
- Females	26.40	27.30
Amounts recognised in the profit and loss account	2016 £'000	2015 £'000
Net interest on defined benefit liability	74	92
Other costs and income	17	3
Total costs	91	95
Amounts taken to other comprehensive income	2016 £'000	2015 £'000
Actual return on scheme assets	(3,597)	(248)
Less: Calculated interest element	750	855
Return on scheme assets excluding interest income	(2,847)	607
Actuarial changes related to obligations	4,662	(593)
Total costs	1,815	14

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 25 Retirement benefit schemes [Continued]

#### 25.2.1 Edward Billington & Son Limited Retirement Benefits Scheme [Continued]

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:	<b>2016</b> <b>£'000</b>	2015 £'000
Present value of defined benefit obligations	<b>24,563</b>	22,076
Fair value of plan assets	<b>21,116</b>	(19,942)
Deficit in scheme	<b>3,447</b>	2,134
<b>Movement in the present value of defined benefit obligations</b>	<b>2016</b> <b>£'000</b>	2015 £'000
Liabilities at 31st August 2015	<b>22,076</b>	25,572
Benefits paid	<b>(2,999)</b>	(3,850)
Actuarial losses/(gains)	<b>4,662</b>	(593)
Interest cost	<b>824</b>	947
At 4th September 2016	<b>24,563</b>	22,076
<b>Movements in the fair value of plan assets</b>	<b>2016</b> <b>£'000</b>	2015 £'000
Fair value of assets at 31st August 2015	<b>19,942</b>	22,915
Interest income	<b>750</b>	855
Return on plan assets (excluding amounts included in net interest)	<b>2,847</b>	(604)
Benefits paid	<b>(2,999)</b>	(3,850)
Contributions by the employer	<b>593</b>	629
Other	<b>(17)</b>	(3)
At 4th September 2016	<b>21,116</b>	19,942
<b>Fair value of plan assets at the reporting period end</b>	<b>2016</b> <b>£'000</b>	2015 £'000
Equity instruments	<b>12,704</b>	13,077
Property	<b>1,451</b>	179
Corporate Bonds	<b>5,034</b>	4,293
Other	<b>1,927</b>	2,393
At 4th September 2016	<b>21,116</b>	19,942

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 25 Retirement benefit schemes [Continued]

#### 25.2.2 Carrs Billington Agriculture Pension 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 period amounted to £800,005. The company has agreed to contribute £800,000 to the scheme during the period to 3rd September 2017.

The liabilities of the scheme have been calculated by reference to the results of the 31st December 2015 full actuarial valuation. These have been updated for benefits paid out and changes to assumptions in the period from 31st December 2015 to the balance sheet date, to determine the defined benefit obligation reported below.

Key assumptions	2016 %	2015 %
Discount rate	2.20	4.00
Expected rate of increase of pensions in payment	2.80	3.00
Expected rate of salary increases	1.90	2.10
Pension increases - RPI max 5%	2.80	2.90
Pension increases - RPI max 3%	2.30	2.40
Pension increases - RPI max 2.5%	2.00	2.10
Mortality assumptions	2016 Years	2015 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.40	22.90
- Females	24.50	25.00
Retiring in 20 years		
- Males	24.10	25.00
- Females	26.40	27.30
Amounts recognised in the profit and loss account	2016 £'000	2015 £'000
Net interest on defined benefit liability	112	157
Other costs and income	104	65
Total costs	216	222



# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 25 Retirement benefit schemes [Continued]

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

<b>Amounts taken to other comprehensive income</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Actual return on scheme assets	<b>(6,567)</b>	(1,179)
Less: Calculated interest element	<b>1,181</b>	1,159
Return on scheme assets excluding interest income	<b>(5,386)</b>	(20)
Actuarial changes related to obligations	<b>7,868</b>	(527)
Total costs/(income)	<b>2,482</b>	(547)
The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:	<b>2016 £'000</b>	<b>2015 £'000</b>
Present value of defined benefit obligations	<b>40,793</b>	33,006
Fair value of plan assets	<b>(35,693)</b>	(29,804)
Deficit in scheme	<b>5,100</b>	3,202
<b>Movement in the present value of defined benefit obligations</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Liabilities at 31st August 2015	<b>33,006</b>	33,590
Benefits paid	<b>(1,374)</b>	(1,373)
Actuarial losses/(gains)	<b>7,868</b>	(527)
Interest cost	<b>1,293</b>	1,316
At 4th September 2016	<b>40,793</b>	33,006
<b>Movements in the fair value of plan assets</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Fair value of assets at 31st August 2015	<b>29,804</b>	29,263
Interest income	<b>1,181</b>	1,159
Return on plan assets (excluding amounts included in net interest)	<b>5,386</b>	20
Benefits paid	<b>(1,374)</b>	(1,373)
Contributions by the employer	<b>800</b>	800
Other	<b>(104)</b>	(65)
At 4th September 2016	<b>35,693</b>	29,804

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 25 Retirement benefit schemes [Continued]

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

	2016 £'000	2015 £'000
<b>Fair value of plan assets at the reporting period end</b>		
Equity instruments	<b>16,263</b>	14,057
Property	<b>1,345</b>	1,297
Corporate Bonds	<b>10,971</b>	8,913
Gilts	<b>3,074</b>	2,551
Other	<b>4,040</b>	2,986
At 4th September 2016	<b>35,693</b>	29,804

### 26 Operating entities

Subsidiary undertakings	Country of Incorporation	Percentage of equity held by the group
<b>Agricultural division</b>		
Carrs Billington Agriculture (Operations) Limited	England and Wales	51
Criddle & Co. Limited	England and Wales	100
<b>Foods division</b>		
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
<b>Associated undertakings</b>		
+ 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.

The 30% shareholding in Vitamin Pet Foods Limited was sold following the period end.

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 27 Related party transactions

Loans from shareholders amounted to £306,750 (2015 £264,041) on which interest of £2,383 (2015 £5,215) is payable.

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

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

4th September 2016	Sales £'000	Purchases £'000	Creditors £'000	Debtors £'000
Carr's Group PLC	1	45	12	-
Carrs Billington Agriculture (Sales) Limited	90,363	143	186	20,832

The balance of £12,091 (2015 £555,399) due to Carr's Group PLC represents a secured, interest free loan of £Nil (2015 £500,000) and trade creditors of £12,091 (2015 £55,399). Included within the £20,832,646 (2015 £18,551,253) due from Carrs Billington Agriculture (Sales) Limited is £Nil (2015 £500,000) unsecured interest free loan.

30th August 2015	Sales £'000	Purchases £'000	Creditors £'000	Debtors £'000
Carr's Group PLC	8	44	555	1
Carrs Billington Agriculture (Sales) Limited	93,285	138	6	18,551

### 28 Cash generated from operations

	2016 £'000	2015 £'000
Profit for the period after tax	10,695	13,982
<b>Adjustments for:</b>		
Taxation charged	3,573	3,597
Net finance costs	1,564	2,109
Share of results of associates	(5,311)	(5,390)
Profit on disposal of subsidiary undertaking	-	(2,736)
Gain on disposal of tangible fixed assets	(340)	(122)
Amortisation and impairment of intangible assets	3,601	3,596
Depreciation of tangible fixed assets	5,686	5,778
Impairment of investment property	-	100
Decrease in provisions	-	(672)
Defined benefit pension contributions	(1,271)	(1,465)
<b>Movements in working capital:</b>		
Decrease in stocks	2,674	837
Decrease/(increase) in debtors	3,142	(3,242)
(Decrease)/increase in creditors	(3,327)	4,237
<b>Cash generated from operations</b>	<b>20,686</b>	<b>20,609</b>

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 29 Reconciliation on adoption of FRS 102

The group has adopted FRS 102 for the period ended 4th September 2016 and has restated the comparative prior period amounts. Reconciliations and descriptions of the effect of the transition to FRS 102 from previous UK GAAP on; (i) equity at the date of transition to FRS 102 for the group and company; (ii) equity at the end of the comparative period for the group and company; and (iii) profit or loss for the comparative period for the group are given below.

Group		At 31st August 2014			At 30th August 2015			
Reconciliation of equity	Notes	Previous UK GAAP £'000	Effect of transition £'000	FRS 102 £'000	Previous UK GAAP £'000	Effect of transition £'000	Prior year adjustment £'000	FRS 102 £'000
<b>Fixed assets</b>								
Intangible assets		29,266	-	29,266	<b>25,793</b>	-	-	<b>25,793</b>
Tangible assets	2	35,798	(500)	35,298	<b>35,787</b>	<b>(500)</b>	-	<b>35,287</b>
Investments	2	17,669	500	18,169	<b>21,776</b>	<b>500</b>	<b>(100)</b>	<b>22,176</b>
		82,733	-	82,733	<b>83,356</b>	-	<b>(100)</b>	<b>83,256</b>
<b>Current assets</b>								
Stocks		22,808	-	22,808	<b>21,688</b>	-	-	<b>21,688</b>
Debtors - deferred tax	1, 5	-	780	780	-	<b>515</b>	<b>21</b>	<b>536</b>
Debtors - other		54,064	-	54,064	<b>56,156</b>	-	-	<b>56,156</b>
Bank and cash		2,205	-	2,205	<b>6,416</b>	-	-	<b>6,416</b>
		79,077	780	79,857	<b>84,260</b>	<b>515</b>	<b>21</b>	<b>84,796</b>
Creditors due within one year		(59,986)	-	(59,986)	<b>(59,406)</b>	-	-	<b>(59,406)</b>
<b>Net current assets</b>		19,091	780	19,871	<b>24,854</b>	<b>515</b>	<b>21</b>	<b>25,390</b>
<b>Total assets less current liabilities</b>		101,824	780	102,604	<b>108,210</b>	<b>515</b>	<b>(79)</b>	<b>108,646</b>
Creditors due after one year		(14,850)	-	(14,850)	<b>(14,549)</b>	-	-	<b>(14,549)</b>

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 29 Reconciliation on adoption of FRS 102 [Continued]

Group	At 31st August 2014				At 30th August 2015			
Reconciliation of equity	Notes	Previous UK	Effect of		Previous UK	Effect of	Prior year	
		GAAP	transition	FRS 102	GAAP	transition	adjustment	FRS 102
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Provision for liabilities</b>								
Deferred taxation	1	(581)	581	-	<b>(506)</b>	<b>506</b>	-	-
Minority interests	4	(10,988)	10,988	-	<b>(8,081)</b>	<b>8,081</b>	-	-
Other		(672)	-	(672)	-	-	-	-
		(12,241)	11,569	(672)	<b>(8,587)</b>	<b>8,587</b>	-	-
Net assets excluding pension obligations		74,733	12,349	87,082	<b>85,074</b>	<b>9,102</b>	<b>(79)</b>	<b>94,097</b>
Pension obligations	1	(5,572)	(1,411)	(6,983)	<b>(4,269)</b>	<b>(1,067)</b>	-	<b>(5,336)</b>
		69,161	10,938	80,099	<b>80,805</b>	<b>8,035</b>	<b>(79)</b>	<b>88,761</b>
<b>Capital and reserves</b>								
Share capital		1,861	-	1,861	<b>1,861</b>	-	-	<b>1,861</b>
Share premium account		87	-	87	<b>87</b>	-	-	<b>87</b>
Revaluation reserve	3	434	(434)	-	<b>434</b>	<b>(434)</b>	-	-
Capital reserves		2,776	-	2,776	<b>2,776</b>	-	-	<b>2,776</b>
Other reserves		(314)	-	(314)	<b>(563)</b>	-	-	<b>(563)</b>
Profit and loss account	3, 5	64,317	384	64,701	<b>76,210</b>	<b>388</b>	<b>(79)</b>	<b>76,519</b>
		69,161	(50)	69,111	<b>80,805</b>	<b>(46)</b>	<b>(79)</b>	<b>80,680</b>
Non controlling interests	4	-	10,988	10,988	-	<b>8,081</b>	-	<b>8,081</b>
		69,161	10,938	80,099	<b>80,805</b>	<b>8,035</b>	<b>(79)</b>	<b>88,761</b>

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 29 Reconciliation on adoption of FRS 102 [Continued]

Group	Notes	Period ended 30th August 2015			FRS 102 £'000
		Previous UK GAAP £'000	Effect of transition £'000	Prior year adjustment £'000	
Turnover		351,230	-	-	351,230
Cost of sales		(298,385)	-	-	(298,385)
Gross profit		52,845	-	-	52,845
Distribution costs		(18,271)	-	-	(18,271)
Administrative expenses		(22,847)	(65)	(100)	(23,012)
Operating profit		11,727	(65)	(100)	11,562
Exceptional items		2,736	-	-	2,736
Share of operating results of associates		5,390	-	-	5,390
Profit before interest and tax		19,853	(65)	(100)	19,688
Interest payable and similar charges	6	(1,400)	(709)	-	(2,109)
Taxation	5, 7	(3,777)	159	21	(3,597)
Profit for the financial period		14,676	(615)	(79)	13,982

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 29 Reconciliation on adoption of FRS 102 [Continued]

Company		At 31st August 2014			At 30th August 2015			
Reconciliation of equity		Previous UK	Effect of		Previous UK	Effect of	Prior year	
		GAAP	transition	FRS 102	GAAP	transition	adjustment	FRS 102
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Fixed assets</b>								
Intangible assets		2,022	-	2,022	1,385	-	-	1,385
Tangible assets	2	1,470	(500)	970	754	(500)	-	254
Investments	2	44,022	500	44,522	48,687	500	(100)	49,087
		47,514	-	47,514	50,826	-	(100)	50,726
<b>Current assets</b>								
Stocks		412	-	412	-	-	-	-
Debtors - deferred tax	1, 5	338	490	828	588	381	21	990
Debtors - other		8,070	-	8,070	11,731	-	-	11,731
Bank and cash		1,806	-	1,806	1,240	-	-	1,240
		10,626	490	11,116	13,559	381	21	13,961
Creditors due within one year		(20,842)	-	(20,842)	(22,578)	-	-	(22,578)
<b>Net current assets</b>		(10,216)	490	(9,726)	(9,019)	381	21	(8,617)
<b>Total assets less current liabilities</b>		37,298	490	37,788	41,807	381	(79)	42,109
Creditors due after one year		(12,929)	-	(12,929)	(13,112)	-	-	(13,112)

# Edward Billington and Son Limited and Subsidiaries

## Notes to the Accounts [Continued]

For the 53 week period ended 4th September 2016

### 29 Reconciliation on adoption of FRS 102 [Continued]

Company		At 31st August 2014			At 30th August 2015			
Reconciliation of equity		Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	Prior year adjustment	FRS 102
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Provision for liabilities</b>								
Other		(672)	-	(672)	-	-	-	-
<hr/>								
Net assets excluding pension obligations		23,697	490	24,187	<b>28,695</b>	<b>381</b>	<b>(79)</b>	<b>28,997</b>
Pension obligations	1	(2,117)	(540)	(2,657)	<b>(1,707)</b>	<b>(427)</b>	-	<b>(2,134)</b>
<hr/>								
Net assets		21,580	(50)	21,530	<b>26,988</b>	<b>(46)</b>	<b>(79)</b>	<b>26,863</b>
<hr/>								
<b>Capital and reserves</b>								
Share capital		1,861	-	1,861	<b>1,861</b>	-	-	<b>1,861</b>
Share premium account		87	-	87	<b>87</b>	-	-	<b>87</b>
Revaluation reserve	3	434	(434)	-	<b>434</b>	<b>(434)</b>	-	-
Capital reserves		644	-	644	<b>644</b>	-	-	<b>644</b>
Other reserves		(314)	-	(314)	<b>(563)</b>	-	-	<b>(563)</b>
Profit and loss account	3, 5	18,868	384	19,252	<b>24,525</b>	<b>388</b>	<b>(79)</b>	<b>24,834</b>
<hr/>								
		21,580	(50)	21,530	<b>26,988</b>	<b>(46)</b>	<b>(79)</b>	<b>26,863</b>



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

## **Notes to the Accounts** [Continued]

**For the 53 week period ended 4th September 2016**

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### **29 Reconciliation on adoption of FRS 102** [Continued]

#### **Notes to the reconciliation on adoption of FRS 102**

1. Being the grossing up of pension obligations for deferred taxation.
2. Being the reclassification of the investment property as an investment.
3. Being the reclassification of the revaluation reserve arising on the investment property.
4. Being reclassification of minority interests within capital and reserves.
5. Being provision for deferred taxation on revaluation surplus.
6. Being the reclassification of charges between the profit and loss account and other comprehensive income within the pension scheme valuation.
7. Being the impact on the reclassification of pension costs on deferred taxation.