

A. BILBROUGH & CO. LIMITED
(REGISTERED NUMBER 116377)

REPORT AND FINANCIAL STATEMENTS

20TH FEBRUARY 2013

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COMPANIES HOUSE

A. BILBROUGH & CO. LIMITED

Directors

I. E. Gooch
M.D M. Hill
A G. Jones
I Paul
S Roberts
I W. Barr
I A.M Ferguson (Retired 9th March 2012)

Company Secretary

S J Haliburton

Registered Office

50 Lemon Street
London E1 8HQ

Bankers

Barclays Bank Plc
1 Churchill Place
London E14 5HP

Auditors

Moore Stephens LLP

150 Aldersgate Street
London
EC1A 4AB

A. BILBROUGH & CO. LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 20 February 2013

Review of Business and Risks

The sole activity of the company is the management of the London Steam-Ship Owners' Mutual Insurance Association Ltd ("the Association"), a Protection and Indemnity Club providing third party liability insurance on a mutual basis to shipowners and ship operators. The company has its head office in London where its senior management team is located but it also has claims handling/liaison offices in Hong Kong and Piraeus, Greece. The company's turnover for the year to 20 February 2013 was £11,609,536 (2012 £11,723,682), a reduction of 0.97%, its retained profit for the year was £486,327 (2012 £2,714,023). The ratio of staff costs to turnover (excluding exceptional pensions credit) was 72% (2012 73%).

The contractual relationship between the company and the Association is governed by the terms of a Management Agreement dated 15 November 2012. The company's turnover is derived in its entirety from the remuneration it earns from the Association, calculated in accordance with the Management Agreement, which is intended to cover the costs which the company incurs in carrying out its management responsibilities. Although the company is owned by its Directors and is independent of the Association, the Association remains its only client, so its fortunes are very largely dependent on it. The company's turnover will therefore fluctuate only as a result of changes in the costs of managing the Association.

The principal risk facing the company therefore is its reliance on its single client. Whilst the Directors recognise this fact, given the very longstanding business connection with the Association and the close working relationship which exists with its governing Committee, they do not feel the need to reduce this reliance at the present time, particularly if in taking steps to do so the quality of service provision to the Association might suffer.

The second major risk facing the company is its financial obligation towards the defined benefit pension scheme, membership of which is still open to its longer-standing UK staff and which, in common with many such schemes, currently has a large actuarial deficit. Since full implementation of Financial Reporting Standard 17 became a requirement in 2006 it has been necessary for the company to reflect this deficit in the company's financial statements, and the impact has been very significant, as well as obscuring the underlying trading performance of the company. During the financial year reported in these financial statements, the net deficit, after making allowance for the deferred taxation, has decreased from £11,736,122 to £9,022,229, due in large part to investment returns being more favorable than assumed. In November 2011 the company agreed a Recovery Plan with the Scheme Trustees under which the deficit is expected to be eliminated by 2018, provided the assumptions set out in the Statement of Funding Principles are met. The Recovery Plan is next due to be reviewed and updated following completion of the 2014 triennial actuarial valuation.

A. BILBROUGH & CO. LIMITED

DIRECTORS' REPORT continued

Results

The retained profit for the financial year is shown on page 7. The Directors do not recommend the payment of a dividend on the Management shares. A transfer has been made to the cumulative preference share reserve to recognise the obligation of paying a dividend of 7.5 pence per share on the 'A' shares, at such time as distributable reserves are generated in the future.

Directors

The Directors listed on page 1 served throughout the financial year.

Mr. I. A. M. Ferguson also served during the year but retired on 9 March 2012.

As permitted by the Companies Act 2006, the company has insurance cover for Directors and Officers of the company.

Charitable Donations

During the year the company made charitable donations of £2,000 (2012: £2,000) to maritime-related charities. There were no political contributions.

Auditors

The auditors, Moore Stephens LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

So far as each Director is aware at the time the report is approved:

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

BY ORDER OF THE BOARD



A G JONES
Director

50 Leaman Street
London E1 8HQ
12 November 2013

A. BILBROUGH & CO. LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

A. BILBROUGH & CO. LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A. BILBROUGH & CO. LIMITED

We have audited the financial statements of A Bilbrough & Co Limited for the year ended 20 February 2013 which are set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to 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 financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

A. BILBROUGH & CO. LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A. BILBROUGH & CO. LIMITED continued

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 20 February 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter(s) prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 require 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 financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Michael Butler, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

/s/ November 2013

A. BILBROUGH & CO. LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 20 FEBRUARY 2013**

	Note	2013 £	2012 £
Turnover	2	11,609,536	11,723,682
Staff Costs			
Exceptional pensions credit	3	-	2,436,000
Other staff costs	3	(8,377,257)	(8,590,974)
Depreciation and other amounts written off tangible fixed assets	1(c)	(389,551)	(334,141)
Other operating charges		(1,615,344)	(1,495,941)
Operating profit		1,227,384	3,738,626
Other interest receivable and similar income		1,968	2,124
Interest payable and similar charges	6	(592,002)	(207,000)
Profit on ordinary activities before taxation		637,350	3,533,750
Tax on profit on ordinary activities	7	(142,023)	(810,727)
Profit on ordinary activities after tax		495,327	2,723,023
Transfer to cumulative preference share reserve		(9,000)	(9,000)
Retained profit for the financial year	13	486,327	2,714,023
Statement of total recognised gains and losses for the year ended 20th February 2013			
		2013 £	2012 £
Retained profit for the financial year		486,327	2,714,023
Pension actuarial gains/(losses) recognised	17	2,761,000	(7,961,000)
Deferred tax		(552,200)	1,592,200
Total recognised gains/ (losses) relating to the year		2,695,127	(3,654,777)

The notes on pages 11 to 23 form part of these financial statements

A. BILBROUGH & CO. LIMITED
BALANCE SHEET AT 20 FEBRUARY 2013

	Note	2013	2012
		£	£
ASSETS			
Fixed Assets			
Tangible assets	8	935,203	874,802
Investments	9	26,940	26,033
		<u>962,143</u>	<u>900,835</u>
Current Assets			
Debtors	10	465,067	918,036
Cash at bank and in hand		356,274	67,439
		<u>821,341</u>	<u>985,475</u>
Debtors: amounts due after more than one year			
Deferred tax asset	16	18,802	16,275
		<u>1,802,286</u>	<u>1,902,585</u>
LIABILITIES			
Capital and Reserves			
Called up share capital	12	270,000	270,000
Pensions reserve	13	(9,022,229)	(11,736,122)
Cumulative preference share reserve	13	72,000	63,000
Profit and loss account	13	810,652	829,418
Equity Shareholders' Funds	14	<u>(7,869,577)</u>	<u>(10,573,704)</u>
Creditors amounts falling due within one year	11	649,634	740,167
Total liabilities before pensions liability		649,634	740,167
Pensions liability	17	9,022,229	11,736,122
Total liabilities after pensions liability		<u>9,671,863</u>	<u>12,476,289</u>
		<u>1,802,286</u>	<u>1,902,585</u>



I E GOOCH
Director



A G JONES
Director

The financial statements were approved by the Board of Directors on 12 November 2013
The notes on pages 11 to 23 form part of these financial statements

A. BILBROUGH & CO. LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 20 FEBRUARY 2013**

	Note	2013 £	2012 £
Net cash inflow from operating activities	1	1,472,778	363,672
Returns on investments and servicing of finance	2(i)	(590,034)	(205,048)
Taxation		(14,903)	5,446
Capital expenditure	2(ii)	(449,952)	(370,738)
Increase/ (Decrease) in Cash	3	417,889	(206,668)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 20 FEBRUARY 2013**1. Reconciliation of operating profit to net cash inflow from operating activities**

	2013 £	2012 £
Operating profit	1,227,384	3,738,626
Effect of foreign exchange rate changes	(907)	(691)
Depreciation	388,240	334,627
Loss on disposal of fixed assets	1,311	-
Cash flow relating to insurance recovery	-	172
Increase/(Decrease) in debtors	452,385	(148,984)
Increase /(Decrease) in creditors	35,731	(45,534)
Effect of pension liability movements	(631,366)	(3,514,544)
Net cash inflow from operating activities	1,472,778	363,672

A. BILBROUGH & CO. LIMITED**NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 20 FEBRUARY 2013 continued****2. Gross cash flows**

(i) Returns on investments and servicing of finance	2013 £	2012 £
Interest received	33	17
Dividend received	1,935	1,935
Investment charges	(592,000)	(207,000)
Interest paid	(2)	-
	<u>(590,034)</u>	<u>(205,048)</u>
(ii) Capital expenditure	2013 £	2012 £
Purchase of tangible fixed assets	(458,109)	(370,738)
Sale of tangible fixed assets	8,157	-
	<u>(449,952)</u>	<u>(370,738)</u>

3. Analysis of changes in net debt

	At 20.02.2012 £	Cash flows £	At 20.02.2013 £
Cash at bank	67,439	288,835	356,274
Overdrafts	(129,054)	129,054	-
	<u>(61,615)</u>	<u>417,889</u>	<u>356,274</u>

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013

1. ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements set out on pages 7 to 23 have been prepared under the historical cost convention and in accordance with applicable accounting standards

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts and VAT where applicable

(c) Depreciation

Tangible Assets

Depreciation is provided on all tangible assets. The rates used are estimated to write off the cost of each asset, less its anticipated residual value, by annual instalments over its expected useful life as follows

Computer hardware and software	25% or 50% per annum straight line or
development costs	25% per annum reducing balance
Furniture and equipment	12.5% or 25% per annum straight line
Motor vehicles	25% per annum reducing balance

(d) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities dominated in foreign currencies are retranslated at the rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

(e) Operating leases

Operating lease rentals are accounted for as they arise. Future commitments to operating leases are not provided for.

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013 continued

1. ACCOUNTING POLICIES continued

(f) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. 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 balance sheet date.

(g) Pension costs

Pensions costs are accounted for in accordance with Financial Reporting Standard 17 - Retirement benefits ('FRS17'). The fair value of the assets of the pension scheme, less the scheme liabilities measured on an actuarial basis using the projected units method, are reflected in the balance sheet. Actuarial gains and losses in the scheme are taken to the Pensions Reserve. Contributions made in the year reduce the pensions liability. Finance costs or income and current service costs are reflected in the profit and loss account.

The company also operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from the company in independently administered funds for individual members of staff who have elected to participate in the scheme. The pension charge includes contributions payable by the company for the year. The company's liability on this pension scheme is limited to the amount of the contributions.

(h) Investments

Investments are recorded at historical cost.

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013 continued

2. TURNOVER

Turnover represents fees receivable from The London Steam-Ship Owners' Mutual Insurance Association Limited.

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was as follows:

	2013	2012
Directors	6	7
Insurance and administration staff	94	91
	<u>100</u>	<u>98</u>

The aggregate payroll costs of these persons were as follows

	2013	2012
	£	£
Salaries	6,503,490	6,732,858
Other staff costs	464,868	432,578
Social security costs	649,036	655,215
Exceptional pensions credit	-	(2,436,000)
Other pension costs	759,863	770,323
	<u>8,377,257</u>	<u>6,154,974</u>

With effect from 1 April 2011, the Rules of the company's defined benefit pension scheme were amended to cap pensionable salary increases to a maximum of 2% per annum. This resulted in an exceptional pensions credit in respect of past service (see note 17) of £2,436,000

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is arrived at after charging

	2013	2012
	£	£
Auditors' remuneration		
London - audit	29,250	29,750
London - tax	3,250	4,000
Hong Kong - audit	5,734	6,943
	<u>38,234</u>	<u>40,693</u>
Operating leases	<u>499,775</u>	<u>471,601</u>
And after crediting		
Income from unlisted investments	<u>1,935</u>	<u>1,935</u>

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013 continued

5. DIRECTORS' EMOLUMENTS

	2013 £	2012 £
Emoluments (excluding pension costs)	<u>1,837,239</u>	<u>2,091,795</u>
Excess retirement benefits of past directors	<u>24,123</u>	<u>21,824</u>

All directors are members of the company's defined benefit and/or defined contribution pension schemes, numbers are as follows

	2013	2012
Defined benefit pension scheme	5	6
Defined contribution pension scheme	4	4

The above details include the following amounts in respect of the highest paid director

	2013 £	2012 £
Emoluments (excluding pension costs)	<u>418,235</u>	<u>450,663</u>

At the end of the year the highest paid director had an accrued pension of £149,070

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Pension scheme	592,000	207,000
Bank interest payable	2	-
	<u>592,002</u>	<u>207,000</u>

A. BILBROUGH & CO. LIMITED**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
20 FEBRUARY 2013 continued****7. TAXATION****(a) Analysis of charge in period**

	2013	2012
	£	£
Current tax		
UK Corporation Tax on profits of the period	19,348	8,900
Overseas tax	(1,071)	4,097
Adjustments in respect of previous periods	-	(9,543)
Total current tax	18,277	3,454
Deferred tax		
Origination and reversal of timing differences	(2,527)	2,127
Pensions liability	126,273	805,146
Tax charge on profit on ordinary activities	142,023	810,727

(b) Factors affecting tax charge for period

The tax assessed for the period is the small company rate of corporation tax in the UK 20% (2012 20%) The differences are explained below

	2013	2012
	£	£
Profit on ordinary activities before tax	637,350	3,533,750
Profit on ordinary activities multiplied by the standard rate in the UK of 20% (2012 20%)	127,470	710,526
Effects of		
Expenses not deductible for tax purposes	12,541	15,780
Pension related costs	(126,273)	(706,664)
Capital allowances for period in excess of depreciation	5,610	(371)
Trading losses	-	(10,371)
Tax charge/(credit)	19,348	8,900

The tax credit for the year is based on operating profits, together with other income and interest receivable and payable

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013 continued

8. FIXED ASSETS - Tangible

	Total £	Computer Hardware & Software £	Motor Vehicles £	Furniture & Equipment £
Cost				
At 20th February 2012	6,714,738	6,306,259	66,926	341,553
Additions during the year	458,109	309,776	-	148,333
Disposals during the year	(19,909)		(19,909)	-
At 20th February 2013	<u>7,152,938</u>	<u>6,616,035</u>	<u>47,017</u>	<u>489,886</u>
Depreciation				
At 20th February 2012	5,839,936	5,516,340	47,096	276,500
Charge for the year	388,240	348,238	2,672	37,330
Disposals during the year	(10,441)	-	(10,441)	-
At 20th February 2013	<u>6,217,735</u>	<u>5,864,578</u>	<u>39,327</u>	<u>313,830</u>
Net book value at 20th February 2013	<u>935,203</u>	<u>751,457</u>	<u>7,690</u>	<u>176,056</u>
Net book value at 20th February 2012	<u>874,802</u>	<u>789,919</u>	<u>19,830</u>	<u>65,053</u>

9. INVESTMENTS

	2013 £	2012 £
Unlisted	26,940	26,033
	<u>26,940</u>	<u>26,033</u>

A. BILBROUGH & CO. LIMITED**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
20 FEBRUARY 2013 continued****10. DEBTORS: Amounts falling due within one year**

	2013	2012
	£	£
Trade debtors	167,171	644,648
Other debtors	176,165	159,270
Tax debtors	-	584
Prepayments and accrued income	121,731	113,534
	<u>465,067</u>	<u>918,036</u>

11. CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Bank overdrafts	-	129,054
Other creditors	-	1,644
Taxation	11,690	8,900
Social Security	241,933	234,912
Accruals and deferred income	396,011	365,657
	<u>649,634</u>	<u>740,167</u>

12. SHARE CAPITAL

	2013	2012
	£	£
a) Authorised, allotted, issued and fully paid up management shares of £1 each	<u>150,000</u>	<u>150,000</u>
b) Authorised, allotted, issued and fully paid up 'A' shares of £1 each	<u>120,000</u>	<u>120,000</u>

The 'A' shares rank par passu with the management shares in all respects save that

- i) The holders of the 'A' shares have a prior right to a cumulative dividend at the rate of 7 5 pence per share per annum, and
- ii) The holders of the 'A' shares have no right to attend or vote at general meetings unless payment of their dividend is in arrears

During the year transactions in the Company's management shares took place between the Directors at a price of £2 50 per share determined by the Articles of Association, under which the Directors exercised their discretion to reallocate 48,000 shares. The Company considers the price to be a fair value for the shares transferred having regard to their being no immediate prospect of dividends being declared.

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013 continued

13. RESERVES

	Profit & Loss £	Pensions Reserve £	Cumulative Preference Share reserve £	Total £
At 20 February 2012	829,418	(11,736,122)	63,000	(10,843,704)
Profit for the year ended 20 February 2013	486,327	-	-	486,327
Cumulative preference share reserve	-	-	9,000	9,000
Actuarial Gain on pensions liability	-	2,208,800	-	2,208,800
Transfer	(505,093)	505,093	-	-
At 20 February 2013	810,652	(9,022,229)	72,000	(8,139,577)

The requirement of FRS17 to make provision for net pension scheme liabilities has resulted in a £2,713,893 decrease in the pensions liability at the year end

The cumulative preference share reserve recognises the obligation of the company to pay the "A" shareholders dividends when distributable reserves are available

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Profit for the financial year	486,327	2,714,023
Actuarial gain/(loss)	2,761,000	(7,961,000)
Deferred tax	(552,200)	1,592,200
Cumulative preference share reserve	9,000	9,000
Net (decrease)/increase in shareholders' funds	2,704,127	(3,645,777)
Opening shareholders' funds	(10,573,704)	(6,927,927)
Closing shareholders' funds	(7,869,577)	(10,573,704)

A. BILBROUGH & CO. LIMITED**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
20 FEBRUARY 2013 continued****15. OPERATING LEASES**

At 20 February 2013 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2013 £	Other 2013 £	Land and buildings 2012 £	Other 2012 £
Operating leases to expire				
within one year	35,798	5,535	970	2,369
in the second to fifth years inclusive	425,230	16,448	44,421	17,221
more than five years	379,764	-	352,500	-
	<u>840,792</u>	<u>21,983</u>	<u>397,891</u>	<u>19,590</u>

16. DEFERRED TAX ASSET

	2013 £	2012 £
a) Analysis of deferred tax balances		
Accelerated capital allowances	18,802	16,275
Asset arising on timing differences	<u>18,802</u>	<u>16,275</u>
b) Analysis of movement in asset		
Asset at 21 February 2012	16,275	18,402
Originating and reversing timing differences	2,527	(2,127)
Asset at 20 February 2013	<u>18,802</u>	<u>16,275</u>

Deferred tax assets are recognised for short term timing differences where there is sufficient evidence of recoverability.

A deferred tax asset of £18,802 has been recognised at 20 February 2013 (2012 £16,275) which relates to the excess of depreciation charged over capital allowances at the balance sheet date

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013 continued

17. PENSIONS

The company operates a defined benefit scheme in the UK. An actuarial valuation for the purposes of FRS 17 was carried out as at 20 February 2013 by a qualified independent actuary. Total contributions payable by the company therefore amounted to £1,792,365.68 (2012: £1,873,543) in the year ended 20 February 2013.

The principal assumptions used by the actuary in his valuation as at 20 February 2013 were as follows:

	At 20.02.2013	At 20.02.2012
Discount rate	4.80%	4.70%
Expected long-term rate of return on Scheme assets	4.60%	5.00%
Increase in salaries	2.00%	2.00%
Inflation assumption (retail prices)	3.50%	3.30%
Inflation assumption (consumer prices)	2.50%	2.30%
Pension increases		
Pre April 1997 Pensionable Service	3.00%	3.00%
Pre April 2006/Post April 1997 Pensionable Service	3.50%	3.30%
Post April 2006 Pensionable Service	2.50%	2.50%

The inflation rates are based on gilt yield and Bank of England yield curves and investment return rates are based on historical rates of return. The discount rate is based on the rate of return of AA rated corporate bonds.

Contributions payable by the Company for the year ending 20 February 2014 are expected to total approximately £1,809,000.

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 20 February 2013 are as follows:

	Value at 20.02.2013 £000's	Value at 20.02.2012 £000's	Value at 20.02.2011 £000's	Value at 20.02.2010 £000's	Value at 20.02.2009 £000's
Present value of scheme liabilities	(44,960)	(49,450)	(43,164)	(43,531)	(37,424)
Total market value of assets	33,680	34,778	32,938	30,916	22,766
Deficit in scheme	(11,280)	(14,672)	(10,226)	(12,615)	(14,658)
Related deferred tax asset	2,258	2,936	2,149	2,651	3,079
Net pension liability	(9,022)	(11,736)	(8,077)	(9,964)	(11,579)

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013 continued

17. PENSIONS continued

The amounts to be recognised in profit and loss for the year ending 20 February 2013 are as follows

	2013 £000's	2012 £000's
Current service cost	569	588
Interest on Scheme liabilities	2,228	2,433
Expected return on Scheme assets	(1,636)	(2,226)
Past service cost	-	(2,436)
Total operating (credit)/charge	<u>1,161</u>	<u>(1,641)</u>
Actual return on Scheme assets	<u>3,088</u>	<u>1,261</u>

Changes in the present value of the Scheme liabilities for the year ending 20 February 2013 are as follows

	2013 £000's	2012 £000's
Present value of Scheme liabilities at beginning of year	49,450	43,164
Current service cost	569	588
Employee contributions	99	98
Past service cost	-	(2,436)
Interest cost	2,228	2,433
Actuarial losses	(1,309)	6,996
Benefits paid	(6,077)	(1,393)
Present value of Scheme liabilities at end of year	<u>44,960</u>	<u>49,450</u>

Changes in the fair value of the Scheme assets for the year ending 20 February 2013 are as follows

	2013 £000's	2012 £000's
Market value of Scheme assets at beginning of year	34,778	32,938
Expected return	1,636	2,226
Actuarial gains	1,452	(965)
Benefits paid	(6,077)	(1,393)
Contributions paid by the Company	1,792	1,874
Employee contributions	99	98
Present value of Scheme assets at end of year	<u>33,680</u>	<u>34,778</u>

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013 continued

17. PENSIONS continued

The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 20 February 2013 are as follows

	2013	2012
Equities and Property	8%	16%
Absolute Return Fund	14%	13%
Real Return Fund	23%	22%
Bonds	54%	47%
Cash	1%	2%
Total	<u>100%</u>	<u>100%</u>

An analysis of amounts recognised in statement of total recognised gains and losses ('STRGL') for the year ending 20 February 2013 is as follows

	2013 £000's	2012 £000's
Actual return less expected return on pension scheme assets	1,452	(965)
Experience gains and losses arising on the scheme liabilities	1,003	(195)
Changes in assumptions underlying the present value of the scheme liabilities	306	(6,801)
Actuarial gain /(loss) recognised in STRGL	<u>2,761</u>	<u>(7,961)</u>

The cumulative amount of actuarial losses recognised in STRGL for the year ending 20 February 2013 is as follows

	2013 £000's	2012 £000's
Cumulative actuarial loss at beginning of year	(19,790)	(11,829)
Recognised during the year	2,761	(7,961)
Cumulative actuarial loss at end of year	<u>(17,029)</u>	<u>(19,790)</u>

The movement in deficit during the year ending 20 February 2013 is as follows

	2013 £000's	2012 £000's
Deficit in scheme at beginning of the year	(14,672)	(10,226)
Credit/(expenses) recognised in profit and loss	(1,161)	1,641
Contributions	1,792	1,874
Actuarial gain/(loss)	2,761	(7,961)
Deficit in scheme at end of the year	<u>(11,280)</u>	<u>(14,672)</u>

A. BILBROUGH & CO. LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2013 continued

17. PENSIONS continued

Amounts for the current and previous four accounting periods are as follows

	2013	2012	2011	2010	2009
	£000's	£000's	£000's	£000's	£000's
Present value of Scheme liabilities	(44,960)	(49,450)	(43,164)	(43,531)	(37,424)
Market value of Scheme assets	33,680	34,778	32,938	30,916	22,766
Deficit in the Scheme	(11,280)	(14,672)	(10,226)	(12,615)	(14,658)
Actual return less expected return on Scheme assets	1,452	(965)	1,698	5,394	(8,669)
Experience gains and losses arising on Scheme liabilities	1,003	(195)	890	112	(303)
Change in assumptions underlying the present value of Scheme liabilities	306	(6,801)	(1,482)	(4,939)	1,094

18. RELATED PARTIES

The company manages the Association under a management contract and the Association owns preference ('A') shares in the company. The preference shares are described in Note 12. The dividends on these shares are in arrears. During the year the company earned fees of £11,609,536 (2012: £11,723,682) from the Association. At the balance sheet date the Association owed the company £164,069 (2012: £641,583).