

BILLINGTON STRUCTURES LIMITED

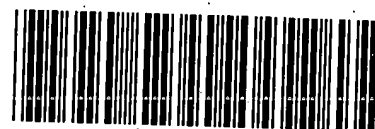
Company Number: 01567759

Report and Financial Statements

For the year ended

31 December 2015

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BILLINGTON STRUCTURES LIMITED

Annual report and financial statements for the year ended 31 December 2015

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BILLINGTON STRUCTURES LIMITED

Directors, Secretary and Registered Office

Directors

M. Smith	Managing Director	
T.M. Taylor	Finance Director	
M. Goddard	Commercial Director	
B. Turton	Contracts Director	
S.D. Barnes	Production Director	
S. Thrift	Technical Director	
R. Hale	Divisional Director	(resigned 31 August 2015)

Secretary

L.S. Holloway

Registered Office

Barnsley Road
Wombwell
Barnsley
S73 8DS

Registered in England : Company Number - 01567759

BILLINGTON STRUCTURES LIMITED

Report of the directors for the year ended 31 December 2015

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

1. Principal activities

The company is principally engaged in design supply and erection of structural steelwork to the UK construction industry.

2. Results and dividends

The income statement is set out on page 7 and shows the profit for the year.

An interim dividend of £1,000,000 (2014: nil) was paid on 22 December 2015. The directors do not recommend the payment of a final dividend. The retained profit has been transferred to retained earnings.

3. Financial risk management objectives and policies

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

Interest rate risk

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

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. Primarily this is achieved through inter-company accounts or through borrowings arranged at Group level. Short term flexibility is achieved by overdraft facilities.

Credit risk

The company's principal credit risk arises from trade debtors and work in progress. In order to manage credit risk the directors set credit limits for customers based on payment history and third party credit references. In addition bad debt insurance is maintained to reduce credit risk to an acceptable level.

Currency risk

The company is exposed to transaction and translation foreign exchange risk. This is managed on a group basis by the use of forward contracts.

4. Directors

Mr R. Hale resigned as a director during the year. All other directors served throughout the year.

BILLINGTON STRUCTURES LIMITED

Report of the directors for the year ended 31 December 2015 (continued)

5. Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Report of the directors 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

The directors confirm that:

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

6. Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

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



L.S. Holloway
Secretary
Billington Structures Limited
Company Number - 01567759
21 March 2016

BILLINGTON STRUCTURES LIMITED

Strategic Report for the year ended 31 December 2015

The directors present their strategic report and the financial statements for the year ended 31 December 2015.

1. Business review

2015 has been a successful year for the business. The Company has continued its steady trading improvement that has been noted for a number of years. Turnover has increased by 27% in the year with a corresponding margin improvement to 4.8% from 3.1% in 2014. Margin improvement has been noted through increased production and resultant overhead recovery along with production efficiencies being in excess of those originally anticipated.

With the improving market backdrop and steady increase in demand for structural steelwork within the UK there is an expectation that raw material prices will begin to strengthen during 2016. It is also anticipated that other input costs will similarly be affected as demand continues to improve.

There is no doubt the market has improved from that of recent years. However, capacity within the industry still remains available and is limiting the prices that can be ascertained on contracts.

The year noted a number of large, heavy, traditional structural steelwork contracts resulting in an increase in fabricated steelwork of over 3,000 tonnes, following an increase of over 4,000 tonnes in 2014.

Major projects included:

- Next Distribution Centre, Doncaster.
- Brize Norton Aircraft Hangar.
- Aldi Distribution Centre, Cardiff.
- One New Bailey, Salford.
- Wellington Place, Leeds.

2015 saw the acquisition of the plant and machinery assets previously utilised by Sherling Steel UK Limited at a site in Shafton, Barnsley. The Company intends, over the long term, to utilise the equipment to enhance the capacity of the business and increase the range of services the Company is able to offer to its customers.

To materially increase the capacity of the business will take some time while the facility in which the equipment is located is adapted for optimum production, certain incumbent tenants move out of the facility, and relevant resources are employed.

The Company started 2016 with a healthy order book. However, delays associated with the recent adverse weather along with the provision of information from clients beyond the Company's control has resulted in a number of projects entering manufacture later than was originally anticipated.

After this slow start to 2016 the volume of work anticipated for the remainder of the year and into 2017 looks positive. The margins associated with the works to which the Company has visibility varies with overall margins within the industry being static.

It was disappointing to note that the company suffered two reportable accidents in the year, one at each facility.

2. Key performance indicators

	2015	2014
Sales growth	27%	22%
Operating profit: sales	4.8%	3.1%
Profit before tax: sales	4.9%	3.3%
Production efficiency	119%	110%
Minor accidents	25	29
Reportable accidents	2	0

BILLINGTON STRUCTURES LIMITED

Strategic Report for the year ended 31 December 2015 (continued)

3. Principal risks and uncertainties

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

The underpinning ethos of the company is to provide and develop health, safety and environmental standards and be pro active in their management to assist in the prevention of accidents where at all possible.

4. Disabled persons

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

5. Employee involvement

It is the company's policy to disseminate relevant information about company affairs amongst employees.

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



L.S. Holloway
Secretary
Billington Structures Limited
Company Number - 01567759
21 March 2016

BILLINGTON STRUCTURES LIMITED

Independent Auditor's Report to the members of BILLINGTON STRUCTURES LIMITED

We have audited the financial statements of Billington Structures Limited for the year ended 31 December 2015 which comprise the statement of financial position, the income statement and statement of comprehensive income, the statement of changes in equity and the related notes. 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

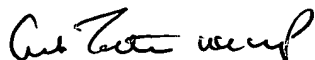
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic 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 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 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.



John Bowler
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands

21 March 2016

BILLINGTON STRUCTURES LIMITED

Income Statement for the year ended 31 December 2015

	Note	2015		2014	
		£	£	£	£
Turnover	5		48,816,932		38,403,940
Increase in work in progress			<u>1,891,359</u>		<u>637,140</u>
			50,708,291		39,041,080
Inventory recognised as an expense and consumables		36,652,145		27,182,496	
Other external charges		<u>535,903</u>		<u>403,640</u>	
			<u>(37,188,048)</u>		<u>(27,586,136)</u>
			13,520,243		11,454,944
Staff costs	6	7,635,463		7,188,491	
Redundancy costs	6	-		19,870	
Depreciation		395,795		256,423	
Other operating charges		<u>3,140,602</u>		<u>2,772,079</u>	
			<u>(11,171,860)</u>		<u>(10,236,863)</u>
Operating profit			2,348,383		1,218,081
Finance income	7		<u>59,208</u>		<u>43,447</u>
Profit on ordinary activities before taxation	5		2,407,591		1,261,528
Tax on profit on ordinary activities	8		<u>(509,465)</u>		<u>(297,796)</u>
Profit on ordinary activities after taxation			<u><u>1,898,126</u></u>		<u><u>963,732</u></u>

All the above transactions relate to continuing activities.

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

BILLINGTON STRUCTURES LIMITED

Statement of Comprehensive Income for the year ended 31 December 2015

	Note	<u>2015</u>	<u>2014</u>
		£	£
Profit for the year		1,898,126	963,732
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit surplus	17	(66,000)	(54,000)
Movement on deferred tax relating to pension liability	13	(4,830)	(32,050)
Current tax relating to pension liability	8	<u>31,537</u>	<u>59,881</u>
Other comprehensive income, net of tax		<u>(39,293)</u>	<u>(26,169)</u>
Total comprehensive income for the financial year		<u><u>1,858,833</u></u>	<u><u>937,563</u></u>

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

BILLINGTON STRUCTURES LIMITED

Statement of Financial Position as at 31 December 2015

Company number: 01567759

	Note	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	9		2,846,111		659,536
Pension asset	17		968,000		878,000
Investments in joint ventures	20		<u>1</u>		<u>1</u>
			3,814,112		1,537,537
Current assets					
Inventories and work in progress	10	9,930,081		7,990,469	
Debtors (including £504,971 (2014: £259,876) due after one year)	11	3,629,729		6,124,710	
Cash at bank and in hand		<u>550</u>		<u>450</u>	
		13,560,360		14,115,629	
Creditors: amounts falling due within one year	12	<u>(10,992,359)</u>		<u>(10,129,886)</u>	
Net current assets			<u>2,568,001</u>		<u>3,985,743</u>
Net assets			<u><u>6,382,113</u></u>		<u><u>5,523,280</u></u>
Capital and reserves					
Called up share capital	14		450,000		450,000
Retained earnings			<u>5,932,113</u>		<u>5,073,280</u>
			<u><u>6,382,113</u></u>		<u><u>5,523,280</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2016.



M. SMITH Managing Director



T.M. TAYLOR Finance Director

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

BILLINGTON STRUCTURES LIMITED

Statement of changes in equity for the year ended 31 December 2015

	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2014	450,000	4,135,717	4,585,717
Profit for the financial year	-	963,732	963,732
Other comprehensive income for the year	-	(26,169)	(26,169)
Dividends	-	-	-
At 31 December 2014	<u>450,000</u>	<u>5,073,280</u>	<u>5,523,280</u>

	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2015	450,000	5,073,280	5,523,280
Profit for the financial year	-	1,898,126	1,898,126
Other comprehensive income for the year		(39,293)	(39,293)
Dividends	-	(1,000,000)	(1,000,000)
At 31 December 2015	<u>450,000</u>	<u>5,932,113</u>	<u>6,382,113</u>

Retained earnings represent accumulated comprehensive income for the year and prior periods less dividends paid and includes a surplus of £774,000 (2014 - £689,000) relating to the net pension surplus.

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

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015

1. Company information

Billington Structures Limited is a company domiciled in England and Wales, registration number 01567759. The registered office is Barnsley Road, Wombwell, Barnsley, S73 8DS.

The company is principally engaged in design supply and erection of structural steelwork to the UK construction industry.

2. Compliance with Accounting Standards

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

The individual accounts of Billington Structures Limited have also adopted the following disclosure exemptions, under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and these disclosures are included in the financial statements of its ultimate parent company, Billington Holdings Plc:

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

3. Significant judgements and estimates

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

Revenue

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process management makes significant judgements about milestones, actual work performed, costs to complete and the overall contract value.

Recognition of pension scheme surplus

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

Recoverability of retentions

The release of retention balances held within trade debtors are subject to events that are outside the control of management. This requires that management assess the recoverability of these balances in arriving at the figure to be included in these financial statements.

Recognition of assets

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

Estimation uncertainty

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

Construction contract revenue

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

Defined benefit obligation

Management estimates the defined benefit obligation annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit obligation of £6,146,000 (2014: £6,451,000) is based on standard rates of inflation and appropriate mortality tables. It also takes into account the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

4. Accounting Policies

Basis of preparation of financial statements

These financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 January 2014.

The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening equity and profit for the comparative period are explained in notes and below.

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

(a) Turnover and profit / loss recognition

Turnover is the total amount receivable in respect of work done and services provided, excluding value added tax, being the earlier of notified certifications or monies received.

Turnover and costs are recognised by reference to stage of completion at the balance sheet date once the outcome of the contract can be measured reliably. When the outcome of a contract cannot be estimated reliably, turnover is recognised to the extent that it is probable that the costs are recoverable.

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

(b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write off the cost of fixed assets less estimated residual value by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Plant and equipment	10% to 33.3%
Motor vehicles	25% to 50%

(c) Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to sell.

(d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

(e) Current and deferred tax

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

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

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

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

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

4. Accounting Policies (continued)

(f) Employee benefits

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined Contribution Pension Schemes

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

Defined Benefit Pension Schemes

The company is the principal employer of the Billington Final Salary pension scheme. A defined benefit scheme defines the pension benefit that the employee will receive on retirement. The surplus or liability recognised in the balance sheet in respect of the Scheme is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation. The fair value of the plan assets is measured in accordance with the FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

The defined benefit obligation is calculated using the projected unit credit method. Triennially the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds denominated in sterling.

Actuarial gains and losses arising from experience adjustments and changes in actual assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as "remeasurement of net defined benefit liability". The net interest benefit is calculated by applying the discount rate to the net balance of the defined benefit surplus and the fair value of plan assets. This cost is recognised in the profit and loss.

The defined benefit pension scheme was closed to future accrual on 30 June 2011.

(g) Leased assets

All leases are operating leases and the annual rentals are charged wholly to the profit and loss account.

(h) Investments

Fixed asset investments are stated at cost less provision for diminution in value

(i) Debtors

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

(j) Creditors

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

(k) Consolidation

The company has taken advantage of the exemptions in section 400 of the Companies Act 2006 and has not prepared consolidated financial statements. These financial statements present information about the company as an individual entity and not about it as a group. Consolidated financial statements are prepared by the ultimate holding company, Billington Holdings plc.

Disclosures in respect of the joint venture as required by FRS 102 section 15 are included in note 20.

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

5. Turnover and profit on ordinary activities before taxation

All the company's turnover and profits are derived from its principal activity of structural engineering and its turnover is all from the United Kingdom.

Profit on ordinary activities is stated after charging:	2015	2014
	£	£
Fees for the audit of the company	13,000	13,000
Depreciation	395,795	256,423
Operating lease charges:		
land and buildings	689,341	686,806
other operating leases	109,066	111,202
Bad debt expense	59,837	769
Hire of plant and machinery	9,956	9,264

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of its ultimate parent undertaking, Billington Holdings Plc, are required to disclose non audit fees on a consolidated basis.

6. Directors and employees

Staff costs during the year, including directors:	2015	2014
	£	£
Wages and salaries	6,698,300	6,296,682
Social security	700,069	669,152
Pension costs (defined contribution)	237,094	222,657
	7,635,463	7,188,491
Redundancy costs	-	19,870
	7,635,463	7,208,361

The average number of production employees of the company during the year was 126 (2014 - 122).

The average number of administration employees of the company during the year was 81 (2014 - 78).

Remuneration in respect of directors was as follows:	2015	2014
	£	£
Aggregate emoluments	393,028	351,909
Company pension contributions to a defined contribution scheme	24,783	22,298

During the year seven directors (2014 - seven directors) participated in a defined contribution pension scheme and no directors (2014 - no directors) participated in a defined benefit scheme.

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

	2015	2014
	£	£
Aggregate emoluments	98,210	90,045
Company pension contributions to a defined contribution scheme	12,060	11,600

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

7. Finance income

	2015	2014
	£	£
Receivable on group loans	26,208	8,447
Other finance income - pension scheme	33,000	35,000
	<u>59,208</u>	<u>43,447</u>

8. Tax on profit on ordinary activities

The tax charge/(credit) represents:

	2015	2014
	£	£
Corporation tax at 20.25% (2014 - 21.5%) - current year	290,874	61,407
Corporation tax at 21.5% - prior year	13,474	-
Deferred tax at 20% - current year (see note 13)	219,117	236,389
Deferred tax at 21% - prior year (see note 13)	<u>(14,000)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>509,465</u>	<u>297,796</u>

Tax relating to other comprehensive income:

	2015	2014
	£	£
Corporation tax at 20.25% (2014 - 21.5%)		
Current tax credit relating to pension liability	<u>(31,537)</u>	<u>(59,881)</u>

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

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 20.25% (2014 - 21.5%). The differences are explained as follows:

	2015	2014
	£	£
Profit on ordinary activities before tax	<u>2,407,591</u>	<u>1,261,528</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20.25% (2014 - 21.5%)	487,537	271,229
Effects of:		
expenses not deductible for tax purposes	7,685	4,858
adjustments to tax charge in respect of prior years	(1,243)	-
rate difference - deferred tax	15,583	21,709
rate difference - current tax	<u>(97)</u>	<u>-</u>
Current tax charge for year	<u>509,465</u>	<u>297,796</u>

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

9. Property, plant and equipment

	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 1st January 2015	7,810,306	51,383	7,861,689
Additions	2,545,046	37,324	2,582,370
Disposals	-	(3,275)	(3,275)
At 31 December 2015	<u>10,355,352</u>	<u>85,432</u>	<u>10,440,784</u>
Depreciation			
At 1 January 2015	7,188,630	13,523	7,202,153
Charge for year	377,773	18,022	395,795
Disposals	-	(3,275)	(3,275)
At 31 December 2015	<u>7,566,403</u>	<u>28,270</u>	<u>7,594,673</u>
Net book value at 31 December 2015	<u>2,788,949</u>	<u>57,162</u>	<u>2,846,111</u>
Net book value at 31 December 2014	<u>621,676</u>	<u>37,860</u>	<u>659,536</u>

10. Inventories and work in progress

	2015 £	2014 £
Raw materials	180,383	132,130
Work in progress	<u>9,749,698</u>	<u>7,858,339</u>
	<u>9,930,081</u>	<u>7,990,469</u>

Amounts included in inventories and work in progress are not subject to impairment.

11. Debtors

	2015 £	2014 £
Amounts falling due within one year		
Trade debtors	1,285,438	1,992,339
Amounts owed by group undertakings	1,206,824	3,166,727
Other debtors	382,531	263,613
Prepayments and accrued income	249,965	271,219
Deferred tax asset (note 13)	-	170,936
	<u>3,124,758</u>	<u>5,864,834</u>
Amounts falling due after more than one year		
Trade debtors	<u>504,971</u>	<u>259,876</u>
	<u>3,629,729</u>	<u>6,124,710</u>

Of the amounts owed by group undertakings, the group loan receivable balance of £1,194,500 is payable from Billington Holdings plc on demand. Interest payable on the loan is charged at a nominal rate of interest.

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

12. Creditors: amounts falling due within one year

	2015	2014
	£	£
Bank overdraft	9,354	42,280
Trade creditors	9,473,232	8,820,650
Amounts owed to group undertakings	382,746	422,902
Social security and other taxes	291,243	243,718
Other creditors	95,618	135,719
Accruals and deferred income	691,818	463,091
Current taxation	9,337	1,526
Deferred tax liability (note 13)	39,011	-
	<u>10,992,359</u>	<u>10,129,886</u>

13. Deferred taxation

Deferred taxation provided at 20% (2014 - 21%) in the financial statements and the total potential liability / asset, including the amounts provided, are set out below.

	<u>Amount provided</u>		<u>Potential liability / asset</u>	
	2015	2014	2015	2014
	£	£	£	£
Excess depreciation over capital allowances	-	78,000	-	78,000
Excess capital allowances over depreciation	(13,000)	-	(13,000)	-
Other short term timing differences	167,589	281,706	167,589	281,706
	<u>154,589</u>	<u>359,706</u>	<u>154,589</u>	<u>359,706</u>
Deferred tax recognised in other comprehensive income				
Pension surplus	<u>(193,600)</u>	<u>(188,770)</u>	<u>(193,600)</u>	<u>(188,770)</u>
Total deferred tax liability / asset	<u>(39,011)</u>	<u>170,936</u>	<u>(39,011)</u>	<u>170,936</u>

The recoverability of a deferred tax asset is dependent on future taxable profits.

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

The net reversal of deferred tax assets expected in 2016 is £136,000. Management are unable to accurately estimate the future reversal of the deferred tax balance relating to the pension surplus as the potential movement in the pension scheme asset and liabilities is uncertain.

14. Called up share capital

	2015	2014
	£	£
Authorised, ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>450,000</u>	<u>450,000</u>

15. Reserves

Statement of Changes in Equity - Includes all current and prior period retained profits and losses.

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

16. Leasing commitments

Future minimum operating lease payments are as follows:

	<u>2015</u>	<u>2014</u>
	£	£
within one year	763,895	761,287
between one and five years	400,975	403,974
over five years	-	47,250
	<u>1,164,870</u>	<u>1,212,511</u>

17. Pension commitments

The company operates funded pension schemes for certain employees and directors. The total cash payments into all pensions by the company for the year was £359,830 (2014 - £466,713). Contributions to defined contribution schemes amounted to £237,094 (2014 - £222,657).

The defined benefit scheme provides benefits based on final pensionable pay. The defined benefit scheme is legally separated from the Company and is managed by a board of trustees. The board of trustees of the scheme is required by its articles of association to act in the best interest of the fund and is responsible for setting the investment policies. The Company is represented on the board of trustees by employer nominated and appointed trustees.

The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit credit method of valuation. The latest actuarial valuation of the Company's pension scheme was carried out as at 31 March 2014 (approved 8 October 2014).

In accordance with the terms of the recovery plan dated 23 September 2014 the Company expects to contribute approximately £125,000 to the defined benefit pension scheme in the year ending 31 December 2016. The next scheme funding actuarial valuation is due as at 31 March 2017. The recovery plan and schedule of contributions will be reviewed at this date.

The scheme was closed to future accrual at 1 July 2011 and any remaining surplus upon satisfaction of all scheme liabilities is returnable to the Company.

While the scheme has in the past been open to employees of other Group companies, Billington Structures Limited is considered to be the principal employer and therefore all costs of the scheme are borne by this entity.

The plan assets do not include any of the Group's financial instruments nor is any property occupied by any Group entity.

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

	<u>2015</u>	<u>2014</u>
	£	£
At 1 January	7,329,000	6,422,000
Interest income	255,000	294,000
Return on plan assets (excluding amounts included in net interest)	(179,000)	526,000
Contributions	123,000	244,000
Benefits paid	(414,000)	(157,000)
At 31 December	<u>7,114,000</u>	<u>7,329,000</u>

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

17. Pension commitments (continued)

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

	2015	2014
	£	£
At 1 January	(6,451,000)	(5,769,000)
Interest cost	(222,000)	(259,000)
Remeasurement - actuarial losses from changes in financial assumptions	113,000	(580,000)
Benefits paid	414,000	157,000
At 31 December	<u>(6,146,000)</u>	<u>(6,451,000)</u>

Analysis of the amount recognised in the profit and loss account:

	2015	2014
	£	£
Net interest on the net defined benefit asset	33,000	35,000
Past service cost including curtailments	-	-
Total credit	<u>33,000</u>	<u>35,000</u>

Analysis of the amount recognised in statement of comprehensive income:

	2015	2014
	£	£
Return on plan assets (excluding amounts included in net interest)	(179,000)	526,000
Actuarial losses from changes in financial assumptions	113,000	(580,000)
Total (expense)/income recognised in other comprehensive income	<u>(66,000)</u>	<u>(54,000)</u>

The assets of the scheme were:

	2015	2014
	£	£
Equities	2,180,000	2,126,000
Bonds	2,950,000	3,159,000
Cash	32,000	96,000
Other	1,952,000	1,948,000
Total market value of assets	7,114,000	7,329,000
Present value of scheme liabilities	(6,146,000)	(6,451,000)
Surplus in the scheme	968,000	878,000
Related deferred tax liability	(193,600)	(188,770)
Net pension asset	<u>774,400</u>	<u>689,230</u>

The net pension asset as at 1 January 2014 was £496,280, this figure being the net of the surplus in the scheme of £653,000 less related deferred tax liability of £156,720 (provided at 24%).

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

17. Pension commitments (continued)

The assumptions adopted for the scheme valuation were developed by management with the advice of an independent actuary. These assumptions are based on current actuarial benchmarks, management's historical experience and by reference to market yields on corporate bonds.

The significant actuarial assumptions used for the valuation are as follows:

	<u>2015</u>	<u>2014</u>
	%	%
Rate of increase in pensionable salaries	3.2	3.2
Rate of increase in pensions in payment	3.2	3.1
Discount rate	3.7	3.6
Inflation assumption	3.2	3.2

The mortality assumption adopted for the purposes of the calculations as at 31 December 2015 is as follows:

- Base table: S1Px tables, year of birth

- Future mortality improvements: Medium cohort projections from 2003 onwards, based on year of birth.

Average life expectancies - Billington Scheme	<u>2015</u>	<u>2014</u>
Male retiring at reporting date at age 62 (in years)	25.5	25.4
Male retiring at reporting date +20 years at age 62 (in years)	27.9	27.8

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

18. Related party transactions

As a wholly owned subsidiary, the company is exempt from disclosing transactions within the Group headed by Billington Holdings Plc.

During the year the company made sales of £nil (2014: £202,751) to Tolent plc, a company sharing a common ultimate controlling party. There was a balance due from Tolent plc at the year end of £nil (2014: £3,660) due on normal trading terms.

During the year the company made sales of £nil (2014: £nil) to the joint venture, BS2 (2011) Limited. There were no amounts outstanding at the year end (2014: £nil).

19. Ultimate parent undertaking

The immediate and ultimate parent undertaking of this company is Billington Holdings Plc, which is registered in England and Wales. The only group of undertakings for which consolidated accounts have been prepared is that headed by Billington Holdings Plc. Further details relating to this matter are disclosed in that company's financial statements, copies of which can be obtained from the company's Registered Office.

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

20. Investment in joint ventures

The investment in joint ventures relates to an equal shareholding of £1 ordinary shares held in BS2 (2011) Limited which was incorporated on 23 February 2011. The principal activity of BS2 (2011) Limited is that of design engineering, fabrication and construction of structural steelwork and the Company commenced trading on 1 November 2011.

The company's share of transactions and balances with BS2 (2011) Limited as at 31 December 2015 were as follows:

	2015	2014
	£	£
Share of turnover	-	-
Share of profit before taxation	-	-
Share of profit after taxation	-	-
Share of current assets	3,361	3,361
Share of liabilities due within one year	3,360	3,360

21. Transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Changes for FRS 102 adoption

1. Defined benefit pension scheme

FRS 102 requires the entity that is legally responsible for a Group pension plan to recognise the entire net defined benefit cost in its individual financial statements. Accordingly, as principal employer of the scheme, the Company has adopted the disclosure requirements of FRS 102 which follows IAS 19 Employee Benefits (2011) in recognising net interest in the profit and loss account and the net pension asset or liability and associated deferred tax in the balance sheet. A transitional adjustment of £689,230 has been made to recognise the pension scheme surplus and associated deferred tax liability. See note 17.

2. Leasing commitments

FRS 102 requires disclosure of the total future amounts payable for commitments held under operating leases at the date of the statement of financial position. Previously the amounts payable in each of the forthcoming periods were disclosed in accordance with UK GAAP. There is no impact on the results for the year or financial position of the company resulting from this change in disclosure.

Transition to FRS 102 - reconciliations

Restated statement of financial position

	31 December	1 January
	2014	2014
	£	£
Original shareholders' funds	4,834,534	4,089,437
Defined benefit pension scheme adjustment	878,000	653,000
Deferred tax on pension adjustment	(189,254)	(156,720)
Restated shareholders' funds	<u>5,523,280</u>	<u>4,585,717</u>

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

21. Transition to FRS 102 (continued)**Restated income statement for the year ended 31 December 2014**

	£
Original profit on ordinary activities before tax	983,012
Remove additional pension contributions on defined benefit scheme	243,516
Add other finance income - pension scheme	<u>35,000</u>
Restated profit on ordinary activities before tax	<u><u>1,261,528</u></u>
Original tax on ordinary activities	(237,915)
Current tax on additional pension contributions	(52,356)
Current tax on other finance income	<u>(7,525)</u>
Restated tax on profit on ordinary activities	<u><u>(297,796)</u></u>
Restated profit for the financial year	<u><u>963,732</u></u>
Other comprehensive income	<u>(26,169)</u>
Restated movement in retained earnings	<u><u>937,563</u></u>