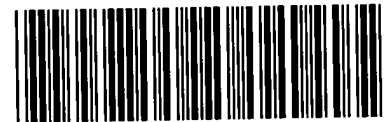


BILLINGTON STRUCTURES LIMITED

Company Number: 01567759

**Report and Financial Statements
For the year ended
31 December 2017**

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BILLINGTON STRUCTURES LIMITED

Annual report and financial statements for the year ended 31 December 2017

Contents

Page :

- 1 Directors, Secretary and Registered Office
- 2 Report of the Directors
- 4 Strategic Report
- 6 Independent Auditor's Report
- 8 Income Statement
- 9 Statement of Comprehensive Income
- 10 Statement of Financial Position
- 11 Statement of Changes in Equity
- 12 Notes forming part of the Financial Statements

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

Secretary

D.P. Kemplay (appointed 31 December 2017)

L.S. Holloway (resigned 31 December 2017)

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 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

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 8 and shows the profit for the year.

An interim dividend of £2,000,000 (2016: £1,000,000) was paid on 13 December 2017. 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

All directors served throughout the year.

BILLINGTON STRUCTURES LIMITED

Report of the directors for the year ended 31 December 2017 (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.

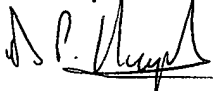
The directors confirm that:

- 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.



D.P. Kemplay

Secretary

Billington Structures Limited

Company Number - 01567759

26 March 2018

BILLINGTON STRUCTURES LIMITED

Strategic Report for the year ended 31 December 2017

The directors present their strategic report and the financial statements for the year ended 31 December 2017.

1. Business review

2017 has again 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 a further 13% over and above an increase of 17% noted in 2016. Margin levels on contracts remain competitive and the margin achieved in 2017 of 5.0% reflects the inclusion of a number of difficult but successful contracts in the year.

The structural steelwork market continues to show signs of steady, consistent growth from the historical low noted in 2012 / 2013. Forecasts project further incremental increases in constructional steelwork consumption and provides the business confidence with which to move forward. Brexit continues to provide the company, industry and wider economy with uncertainty although no significant impact has been noted to date.

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 Brexit result and the consequent weakening of the value of Sterling has resulted in input cost price increases in a number of areas of the business. The Company's primary input cost is that of a range of steel products and throughout the year there has been an increase of 10% following an increase of circa 25% in 2016.

The year noted a range of contracts, across a number of sectors and throughout the United Kingdom.

Major projects included:

- 3 Wellington Place, Leeds
- IKEA, Sheffield
- Coventry Leisure Centre, Coventry
- Avonmouth Distribution Centre, Bristol
- KAO Data Centre, London

December 2015 saw the acquisition of the plant and machinery assets previously utilised by Sherling Steel UK Limited at a site in Shafton, Barnsley. The primary purpose of the acquisition was to increase the capacity of the Company over the medium term while also improving 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. Excellent progress was made in the year following the vacation of tenants and investment in new, state of the art machinery. Investment of £1.25m in machinery at the Shafton facility was incurred in the year and it is anticipated a further £0.5m will be incurred throughout the course of 2018.

The refurbishment, adaptation and enhancement of the Shafton facility was expected to take three years. We believe we are firmly on track to achieve the full process of modernisation by the end of 2018.

The Company started 2018 with a healthy order book and, with a number of positive prospects in the pipeline, the Company can look forward with optimism into 2018.

It was disappointing to note that the company suffered a reportable accident in the year. Further measures have been, and will continue to be implemented to minimise the risk of accidents at our facilities and improve the culture throughout the business. The increase in the number of minor accidents in the period is, in part, as a consequence of the increased numbers of direct employees as well as improved reporting and encouragement to report all minor accidents.

2. Key performance indicators

	2017	2016
Sales growth	13%	17%
Operating profit: sales	4.9%	4.2%
Profit before tax: sales	5.0%	4.3%
Production efficiency	114%	116%
Minor accidents	57	40
Reportable accidents	1	2

BILLINGTON STRUCTURES LIMITED

Strategic Report for the year ended 31 December 2017 (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.

January 2018 has seen Carillion enter voluntary liquidation. The collapse of Carillion, whereas it has no material impact on the trading results of Billington Structures does highlight the risk of trading with Main Contractors without sufficient, suitable credit insurance. Billington Structures has a policy of insuring its customers' balances where practically possible, insurance cover is available and the cost is not prohibitive.

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.

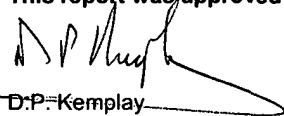
4. Disabled persons

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.



D.P. Kemplay

Secretary

Billington Structures Limited

Company Number - 01567759

26 March 2018

BILLINGTON STRUCTURES LIMITED

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

We have audited the financial statements of Billington Structures Limited (the 'company') for the year ended 31 December 2017 which comprise the income statement, the statement of comprehensive income, the statement of financial position, 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BILLINGTON STRUCTURES LIMITED

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Report of the directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Report of the directors.

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.

Responsibilities of directors for the financial statements

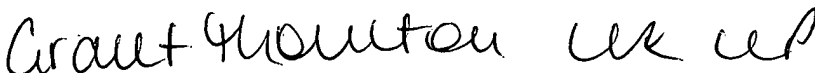
As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Donna Steel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

26 March 2018

BILLINGTON STRUCTURES LIMITED

Income Statement for the year ended 31 December 2017

	Note	2017		2016	
		£	£	£	£
Turnover	5		64,545,619		56,913,017
Increase/(decrease) in work in progress			<u>1,367,883</u>		<u>(955,365)</u>
			65,913,502		55,957,652
Inventory recognised as an expense and consumables		46,995,045		39,619,446	
Other external charges		<u>1,264,897</u>		<u>947,594</u>	
			<u>(48,259,942)</u>		<u>(40,567,040)</u>
			17,653,560		15,390,612
Staff costs	6	10,280,894		9,153,033	
Depreciation		737,041		408,452	
Other operating charges		<u>3,453,114</u>		<u>3,429,317</u>	
			<u>(14,471,049)</u>		<u>(12,990,802)</u>
Operating profit			3,182,511		2,399,810
Finance income	8		<u>51,002</u>		<u>56,403</u>
Profit on ordinary activities before taxation	5		3,233,513		2,456,213
Tax on profit on ordinary activities	9		<u>(622,825)</u>		<u>(519,329)</u>
Profit on ordinary activities after taxation			<u><u>2,610,688</u></u>		<u><u>1,936,884</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 2017

	Note	<u>2017</u>	<u>2016</u>
		£	£
Profit for the year		2,610,688	1,936,884
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit surplus	18	991,000	17,000
Movement on deferred tax relating to pension liability	14	(178,840)	(1,220)
Current tax relating to pension liability	9	<u>11,741</u>	<u>32,148</u>
Other comprehensive income, net of tax		<u>823,901</u>	<u>47,928</u>
Total comprehensive income for the financial year		<u><u>3,434,589</u></u>	<u><u>1,984,812</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 2017

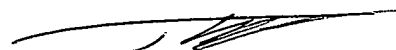
Company number: 01567759

	Note	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	10		3,955,700		2,984,990
Pension asset	18		2,198,000		1,146,000
Investments in joint ventures	21		<u>1</u>		<u>1</u>
			6,153,701		4,130,991
Current assets					
Inventories and work in progress	11	10,680,737		9,368,048	
Debtors (including £842,603 (2016: £746,892) due after one year)	12	7,423,760		7,455,537	
Cash at bank and in hand		<u>1,150</u>		<u>650</u>	
		18,105,647		16,824,235	
Creditors: amounts falling due within one year	13	<u>(15,406,834)</u>		<u>(13,561,301)</u>	
Net current assets			<u>2,698,813</u>		<u>3,262,934</u>
Net assets			<u><u>8,852,514</u></u>		<u><u>7,393,925</u></u>
Capital and reserves					
Called up share capital	15		450,000		450,000
Retained earnings			<u>8,402,514</u>		<u>6,943,925</u>
			<u><u>8,852,514</u></u>		<u><u>7,393,925</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2018.



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 2017

	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2016	450,000	5,932,113	6,382,113
Profit for the financial year	-	1,936,884	1,936,884
Other comprehensive income for the year	-	47,928	47,928
Credit relating to equity-settled share-based payments	-	27,000	27,000
Dividends	-	(1,000,000)	(1,000,000)
At 31 December 2016	450,000	6,943,925	7,393,925

	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2017	450,000	6,943,925	7,393,925
Profit for the financial year	-	2,610,688	2,610,688
Other comprehensive income for the year	-	823,901	823,901
Credit relating to equity-settled share-based payments	-	24,000	24,000
Dividends	-	(2,000,000)	(2,000,000)
At 31 December 2017	450,000	8,402,514	8,852,514

Retained earnings represent accumulated comprehensive income for the year and prior periods less dividends paid and includes a surplus of £1,824,000 (2016 - £951,000) 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 2017

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.

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 £6,317,000 (2016: £6,830,000) 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 2017 (continued)

4. Accounting Policies

Basis of preparation of financial statements

These financial statements are prepared under FRS 102.

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

Going concern

The Company uses liquid resources and working capital balances that arise directly from its operations. The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Liquidity is monitored regularly by reference to forecasts and available facilities.

As a result of the above and having reviewed forecasts to March 2019, the directors do not believe that there are any material uncertainties which cast significant doubt on the ability of the Company to continue as a going concern.

(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 income statement.

(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 2017 (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 income statement.

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 income statement.

(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 21.

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (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:	2017	2016
	£	£
Fees for the audit of the company	16,000	16,000
Depreciation	737,041	408,452
Operating lease charges:		
land and buildings	837,300	690,474
other operating leases	103,513	101,973
Bad debt expense	52,515	95,987
Hire of plant and machinery	31,596	13,234

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:	2017	2016
	£	£
Wages and salaries	8,979,095	8,010,290
Social security	992,999	858,512
Pension costs (defined contribution)	284,800	257,231
Share-based payments	24,000	27,000
	10,280,894	9,153,033

The average number of production employees of the company during the year was 155 (2016 - 145).

The average number of administration employees of the company during the year was 109 (2016 - 99).

Remuneration in respect of directors was as follows:	2017	2016
	£	£
Aggregate emoluments	419,062	379,523
Company pension contributions to a defined contribution scheme	28,252	25,393

During the year seven directors (2016 - seven directors) participated in a defined contribution pension scheme and no directors (2016 - no directors) participated in a defined benefit scheme.

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

	2017	2016
	£	£
Aggregate emoluments	110,710	100,770
Company pension contributions to a defined contribution scheme	12,610	12,363

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

7. Share based payments

The company operates a share based payment scheme for certain employees. These share options are granted based on seniority and length of service with share options granted in the parent company, Billington Holdings plc.

The options are granted with a fixed exercise price, are exercisable three years after the date of grant and expire ten years after the date of grant. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Company until exercise, otherwise the awards lapse. On exercise of the options by the employees the Company issues shares held in trust by the Billington Holdings ESOP Trust.

	Number of shares		Weighted average exercise price	
	2017	2016	2017	2016
	No.	No.	£	£
Brought forward	154,116	-	3.03	3.03
Granted	-	163,922	3.03	3.03
Lapsed	(500)	(9,806)	3.03	3.03
Outstanding at 31 December	153,616	154,116	3.03	3.03
Exercisable at the end of the year	Nil	Nil		

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to this scheme.

Under FR102, the Group recognises an expense in the relevant company's financial statements. The expense is apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant. The total charge apportioned to Billington Structures Limited and recognised as expense in the year was £24,000 (2016: £27,000).

8. Finance income

	2017	2016
	£	£
Receivable on group loans	21,002	18,403
Other finance income - pension scheme	30,000	38,000
	<u>51,002</u>	<u>56,403</u>

9. Tax on profit on ordinary activities

The tax charge represents:

	2017	2016
	£	£
Corporation tax at 19.247% (2016 - 20%) - current year	558,933	514,055
Corporation tax at 20% - prior year	1,391	-
Deferred tax at 17% - current year (see note 14)	62,501	5,274
Tax on profit on ordinary activities	<u>622,825</u>	<u>519,329</u>

Tax relating to other comprehensive income:

	2017	2016
	£	£
Corporation tax at 19.247% (2016 - 20%)		
Current tax credit relating to pension liability	<u>(11,741)</u>	<u>(32,148)</u>

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

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

9. Tax on profit on ordinary activities (continued)

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 19.247% (2016 - 20%). The differences are explained as follows:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>3,233,513</u>	<u>2,456,213</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19.247% (2016 - 20%)	622,354	491,243
Effects of:		
expenses not deductible for tax purposes	(17,967)	87,575
adjustments to tax charge in respect of prior years	1,391	(9)
rate difference - deferred tax	(5,425)	(5,614)
deferred tax not recognised	21,447	(36,432)
fixed asset differences	<u>1,025</u>	<u>(17,434)</u>
Total tax charge for year	<u>622,825</u>	<u>519,329</u>

10. Property, plant and equipment

	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 1st January 2017	10,893,696	90,794	10,984,490
Additions	<u>1,688,771</u>	<u>18,980</u>	<u>1,707,751</u>
At 31 December 2017	<u>12,582,467</u>	<u>109,774</u>	<u>12,692,241</u>
Depreciation			
At 1 January 2017	7,953,887	45,613	7,999,500
Charge for year	<u>710,761</u>	<u>26,280</u>	<u>737,041</u>
At 31 December 2017	<u>8,664,648</u>	<u>71,893</u>	<u>8,736,541</u>
Net book value at 31 December 2017	<u>3,917,819</u>	<u>37,881</u>	<u>3,955,700</u>
Net book value at 31 December 2016	<u>2,939,809</u>	<u>45,181</u>	<u>2,984,990</u>

11. Inventories and work in progress

	2017 £	2016 £
Raw materials	518,521	573,715
Work in progress	<u>10,162,216</u>	<u>8,794,333</u>
	<u>10,680,737</u>	<u>9,368,048</u>

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

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

12. Debtors

	2017	2016
	£	£
Amounts falling due within one year		
Trade debtors	2,721,873	2,152,042
Amounts owed by group undertakings	3,547,523	4,261,163
Prepayments and accrued income	311,761	295,440
	6,581,157	6,708,645
Amounts falling due after more than one year		
Trade debtors	842,603	746,892
	<u>7,423,760</u>	<u>7,455,537</u>

The amounts owed by group undertakings includes a loan receivable balance of £3,509,000 due from Billington Holdings Plc and is repayable on demand. Interest payable on the loan is charged at a nominal rate of interest.

Trade debtors are stated after provisions for impairment of £204,769 (2016: £179,622).

13. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank overdraft	1,468,984	1,285,317
Trade creditors	11,152,793	9,032,015
Amounts owed to group undertakings	350,213	542,129
Social security and other taxes	982,522	1,364,656
Other creditors	121,222	106,069
Accruals and deferred income	788,504	803,703
Current taxation	255,750	381,907
Deferred tax liability (note 14)	286,846	45,505
	<u>15,406,834</u>	<u>13,561,301</u>

14. Deferred taxation

Deferred taxation provided at 17% (2016 - 17%) in the financial statements and the total potential liability / asset, including the amounts provided, are set out below.

	<u>Amount provided</u>	
	2017	2016
	£	£
Excess capital allowances over depreciation	(106,000)	(71,000)
Other short term timing differences	192,814	220,315
	<u>86,814</u>	<u>149,315</u>
Deferred tax recognised in other comprehensive income		
Pension surplus	(373,660)	(194,820)
Total deferred tax liability	<u>(286,846)</u>	<u>(45,505)</u>

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

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

14. Deferred taxation (continued)

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 income statement.

The net reversal of deferred tax assets expected in 2018 is £154,000. 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.

15. Called up share capital

	<u>2017</u>	<u>2016</u>
	£	£
Allotted, called up and fully paid ordinary shares of £1 each	<u>450,000</u>	<u>450,000</u>

16. Reserves

Retained earnings - Includes all current and prior period retained profits and losses.

17. Leasing commitments

Future minimum operating lease payments are as follows:

	<u>2017</u>	<u>2016</u>
	£	£
Within one year	992,482	758,178
Between one and five years	<u>232,382</u>	<u>331,537</u>
	<u>1,224,864</u>	<u>1,089,715</u>

18. 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 £315,484 (2016 - £379,996). Contributions to defined contribution schemes amounted to £284,800 (2016 - £257,231).

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 2017 (approved 8 January 2018).

In accordance with the terms of the recovery plan dated 8 January 2018 the Company expects to contribute approximately £nil to the defined benefit pension scheme in the year ending 31 December 2018. The next scheme funding actuarial valuation is due as at 31 March 2020. 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.

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

18. Pension commitments (continued)

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

	2017 £	2016 £
At 1 January	7,976,000	7,114,000
Interest income	208,000	251,000
Return on plan assets (excluding amounts included in net interest)	552,000	1,263,000
Contributions	31,000	123,000
Benefits paid	(252,000)	(775,000)
At 31 December	<u>8,515,000</u>	<u>7,976,000</u>

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

	2017 £	2016 £
At 1 January	(6,830,000)	(6,146,000)
Interest cost	(178,000)	(213,000)
Remeasurement - actuarial (gains)/losses from changes in financial assumptions	(120,000)	(1,514,000)
Remeasurement - actuarial gains from changes in demographic assumptions	559,000	268,000
Benefits paid	252,000	775,000
At 31 December	<u>(6,317,000)</u>	<u>(6,830,000)</u>

Analysis of the amount recognised in the income statement:

	2017 £	2016 £
Net interest on the net defined benefit asset	30,000	38,000
Past service cost including curtailments	-	-
Total credit	<u>30,000</u>	<u>38,000</u>

Analysis of the amount recognised in statement of comprehensive income:

	2017 £	2016 £
Return on plan assets (excluding amounts included in net interest)	552,000	1,263,000
Actuarial losses from changes in financial assumptions	(120,000)	(1,514,000)
Actuarial gains from changes in demographic assumptions	559,000	268,000
Total income/(expense) recognised in other comprehensive income	<u>991,000</u>	<u>17,000</u>

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

18. Pension commitments (continued)

The assets of the scheme were:

	<u>2017</u>	<u>2016</u>
	£	£
Equities	459,324	2,289,000
Equity-Linked Bonds	3,487,460	-
Bonds	2,058,452	3,453,000
Cash	59,542	30,000
Other	<u>2,450,222</u>	<u>2,204,000</u>
Total market value of assets	8,515,000	7,976,000
Present value of scheme liabilities	<u>(6,317,000)</u>	<u>(6,830,000)</u>
Surplus in the scheme	2,198,000	1,146,000
Related deferred tax liability	<u>(373,660)</u>	<u>(194,820)</u>
Net pension asset	<u>1,824,340</u>	<u>951,180</u>

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>2017</u>	<u>2016</u>
	%	%
Rate of increase in pensionable salaries	3.2	3.4
Rate of increase in pensions in payment	3.1	3.3
Discount rate	2.4	2.7
Inflation assumption	3.2	3.4

The mortality assumption adopted for the purposes of the calculations as at 31 December 2016 is as follows:

- Base table: S2Px tables, year of birth

- Future mortality improvements: CMI 2016 mortality projection model at 1.5% per annum.

Average life expectancies - Billington Scheme	<u>2017</u>	<u>2016</u>
Male retiring at reporting date at age 62 (in years)	25.0	25.3
Male retiring at reporting date +20 years at age 62 (in years)	26.8	27.5

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.

19. 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 (2016: £nil) to the joint venture, BS2 (2011) Limited. There were no amounts outstanding at the year end (2016: £nil).

BILLINGTON STRUCTURES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

20. 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.

21. 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 2017 were as follows:

	<u>2017</u>	<u>2016</u>
	£	£
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	<u>3,360</u>	<u>3,360</u>