

Annual Report & Financial Statements

YEAR ENDED 31 DECEMBER 2021



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STEAMhouse - photo courtesy of Bowmer + Kirkland Ltd

CHAIRMAN'S STATEMENT

2021 was a year of partial recovery as activity started to return, although significant impacts from the Covid-19 pandemic continued to be experienced and challenges such as substantial increases in steel prices were encountered. Margin pressure remained across the industry with material price increases and the availability of certain products and labour arising throughout the period. However, as with 2020, Billington remained profitable in 2021 and with our strong balance sheet we are well placed to take advantage of future market recovery.

In 2021 revenue increased by 25.3 per cent to £82.7 million (2020: £66.0 million) with underlying profit before tax decreasing by 23.5 per cent to £1.3 million (2020: £1.7 million). The overall underlying Earnings Per Share ("EPS") for the year amounted to 8.1 pence (0.6 pence after impairment charge) compared with 11.3 pence in 2020, a 28.3 per cent decrease. However, our balance sheet remained strong with Net Assets of £29.4 million at 31 December 2021 (2020: £29.2 million), with a continuing strong gross cash balance of £10.4 million at 31 December 2021 (2020: £15.1 million), despite higher than historic levels of inventory and contract work in progress at the year end, partially as a result of forward buying raw materials to mitigate market price increases.

Billington Structures entered 2021 with a strong order book, although business was heavily impacted by steel price increases and the results depressed by lower margin projects. The second half of the year was particularly challenging to manage as previously delayed projects commenced. However, the structures businesses navigated well through these issues and the prospects for 2022 are more encouraging, with a number of higher margin projects expected. The conscious decision to take delivery of a large quantity of steel prior to the year year-end was to secure supply and ensure margin preservation on secured contracts. It is anticipated that the usage of the high steel stock levels at the year end will be consumed by the end of Q1 2022 leading to a return to historic levels of inventory and contract work in progress.

Peter Marshall Steel Stairs continued the strong performance seen in 2020 into 2021, recording record revenues for the year. Whilst the business was impacted by steel price increases, it retained robust margins, which were not as heavily impacted as those in the Group's other structural steel businesses. It currently enjoys a strong order book with significant prospects to secure further business.

The Easi-Edge perimeter edge protection and fall prevention business continued to suffer from Covid-19 related delays to the start of projects and a subdued commercial office market, although it remained a significant contributor to Group profits. Easi-Edge continues to see good opportunities and continues to innovate. The Group invested significantly in the business prior to the pandemic and it is well placed to take advantage of future market recovery.

Hoard-it enjoyed a strong 2021 operating at full capacity for much of the year, as projects resumed following the delays experienced in 2020 due to the Covid-19 pandemic. The positive momentum experienced in 2021 has continued into the current year with a good pipeline of new business for 2022.

The onset of the conflict in Ukraine has recently presented new challenges in our industry. Significant volumes of steel products originate in Russia and Ukraine and with supplies restricted from these regions, shortages, and as a consequence price increases have been noted for some of the Group's raw materials. Alternative sources for these products have been sourced and supply constraints are anticipated to ease as we progress through 2022.

Despite the challenges faced over the last two years, Billington remains a robust and profitable business, supported by a healthy balance sheet and a committed workforce. The Group is well placed to take advantage of the significant number of opportunities at improving margin levels that are currently being presented.

Pension Scheme

The defined benefit pension scheme (closed to future accrual in 2011) continues in surplus despite the continuing impact of the pandemic on equity markets. At 31 December 2021 a surplus of £2,673,000 (2020: £1,683,000) along with a corresponding deferred tax liability of £668,000, has resulted in a net recognised surplus of £2,005,000 (2020: £1,363,000).

The last actuarial valuation which also showed the scheme in surplus was undertaken as at 31 March 2020 and the next scheme funding actuarial valuation is due as at 31 March 2023, at which time the need for any Group contributions will be reviewed.

Dividend

In the first half of 2021 Billington resumed the payment of dividends with the declaration of a final dividend in relation to the year ended 31 December 2020 of 4.25 pence per share amounting to £550,000, which was 2.66 times covered by 2020 earnings. The Board feels it is appropriate for Billington to continue dividend payments, albeit at a modest level, whilst the impact of Covid-19 continues and markets remain challenging. The Board is therefore recommending a final dividend of 3.00

pence per share for 2021, which is covered 2.7 times by underlying earnings. The final dividend will be paid, subject to shareholder approval at the Company's AGM, on 4 July 2022, to those shareholders on the register on 6 June 2022. No interim dividend for 2021 was declared (2020: nil), a policy consistent with prior years.

Liquidity and Capital Reserves

In 2021 the Group experienced a net cash outflow of £4.7 million (2020: £2.7 million net cash outflow) reducing the Group's gross cash and cash equivalents as at 31 December 2021 to £10.4 million from £15.1 million as at 31 December 2020. The cash balance at 31 December 2021 reflected good cash collection and certain modest customer pre-payments, offset by an increase in inventories and work in progress by £7.1 million to £12.2 million (31 December 2020 £5.1 million). The increase in inventories and work in progress at the year end was reflective of the Group's planning to mitigate further price increases and to ensure the availability of materials for contracted projects in Q1 2022.

Going forward the Group's cash continues to provide strong cover for its working capital requirements and a robust position from which to take the Group forward. Capital expenditure in 2021 was at a similar level to 2020 and for 2022 is forecast to rise modestly as the Group continues to invest in process improvements, together with capability and service enhancements.

Our People

Throughout the Covid-19 pandemic the focus has been on the welfare and protection of our dedicated workforce and this has required significant changes to working practices. The Company has continued to implement appropriate measures at all our facilities to ensure that social distancing can be maintained, with the workforce and our customers protected as far as possible.

At the peak of the pandemic in 2020, 46 per cent of the workforce were placed on furlough leave. During the later part of 2020 and into the first half of 2021 the majority of those previously on furlough returned to work. The Company took the decision to not claim any further furlough monies from the UK Government from 1 January 2021.

However, the Group did continue to experience Covid-19 related disruptions to its operations in 2021, with staff required to isolate, presenting some operational challenges, particularly in the second half of the year. I am pleased to say that the workforce rose to meet these challenges, covering for effected colleagues where possible, and I would like to place on record my thanks for the hard work, resilience and dedication of the Billington team.

Economic Outlook

During 2021 the impact of the Covid-19 pandemic continued to be a significant factor influencing the timing and profitability of contracts. We have managed through these unprecedented times and whilst there inevitably remains further challenges ahead we sit poised to deliver on our strategy to drive growth and margin enhancement in the medium term.

The UK structural steelwork market grew by 16.9 per cent in 2021, following a 20.0 per cent decline in 2020. Current forecasts are for the market to continuing growing with an increase of 10.5 per cent in 2022, before the level of growth stabilises at 2.1 per cent in 2023.

However, these forecasts are likely to be subject to revision as the pace of the recovery from the impact of Covid-19 and the impact of wider macroeconomic factors are assessed.

In addition to the demand issues caused by the pandemic, the Group has faced further significant increases in structural steel costs during the year, a Europe wide issue. Whilst iron ore prices ended the year below the level at the beginning of 2021 there was considerable volatility during the period, with the intra year high being nearly three times that of the low point, and increasing energy costs have also had a larger consequential impact on the price of steel.

Whilst the Group operates many fixed price supply contracts and has arrangements in place to mitigate most of the increases in steel prices, including the forward purchasing of steel where appropriate, escalation in the costs of consumables and ancillary products are not normally able to be passed on. Steel prices remain volatile and increasing energy costs coupled with government infrastructure based stimulus packages across the globe, and the development of HS2 in the UK, are providing further inflationary pressures and are restricting the supply of certain steel products.

Many of the markets in which Billington operates remain constrained, with a number of the main construction contractors continuing under significant pressure as they deliver contracts that were tendered for some time ago before the current inflationary pressures materialised. However, the Group will endeavour to focus on projects with the more robust larger contractors that can deliver an appropriate margin and we assess the risks associated with individual projects on a case-by-case basis. The Group is also looking at its longer-term steel procurement strategy in order to reduce its reliance on any one supplier.

Current Trading and Outlook

The current trading environment continues to be challenging as we emerge from the global Covid-19 pandemic, particularly in relation to material price inflation. However, we have seen a continuing recovery in activity levels and the return of higher margin opportunities.

We have a robust business that has weathered the pandemic storm well, supported by a strong balance sheet and committed workforce. Whilst pricing pressures and other market challenges remain, I believe Billington is well placed to deliver improved results in 2022.



Ian Lawson
Non-Executive Chairman

25 April 2022



OPERATIONAL REVIEW

2021 was a year of further challenge with the Covid-19 pandemic and its effects continuing to impact the Company. With a partial recovery in activity levels revenues increased by 25.3 per cent to £82.7 million, however the impact on margins of raw material price increases and the project mix led to underlying profit before tax decreasing by 23.5 percent to £1.3 million (£0.2m after impairment charge). Post period end we resolved that it would be prudent to take an impairment charge of £1.1 million relating to a client with whom the Company was completing a contract and who entered administration shortly after the year end. This event provided further evidence following previous communications prior to the year end that there was significant uncertainty regarding the recoverability of the receivable and contract work in progress owed by the client at the balance sheet date and is therefore considered an adjusted post balance sheet event. Whilst we have decided to provide for the debt owed we continue in dialogue with the developer to complete the project and recover the outstanding monies.

That we were able to remain resilient to these challenges and the underlying business continued to be profitable is a real credit to the dedication of our workforce and I would like to thank them all for their efforts.

Group Companies

Billington Structures and Shafton Steel Services

Billington Structures is one of the UK's leading structural steelwork contractors with a highly experienced workforce capable of delivering projects from simple building frames to complex structures in excess of 12,000 tonnes to all market sectors. With facilities in Barnsley and Bristol and a heritage dating back over 75 years, the business is well recognised and respected in the industry with the capacity of processing over 50,000 tonnes of steel per annum.

The Shafton facility operates in two distinct business areas. The first undertakes activities for Billington Structures. The second, Shafton Steel Services offers a complete range of steel profiling services to many diverse external engineering and construction companies, providing further opportunities to increase the capacity of the business as well as allowing for the supply of value added, complementary products and services to enhance the comprehensive offering of the Group.

The Group's structural steel business started 2021 with a strong order book with further new business won during the course of the year, although business was heavily impacted by steel and other material price increases and the results depressed by lower margin projects. The level of work undertaken enabled the facilities to be operated at or near full capacity for much of the period, sub-contracting production as required to the longstanding, approved Group supply chain. It is important to the efficient operation of the structures business that its facilities remain fully utilised as far as possible. Billington is not alone in this requirement and the work undertaken during the year enabled the operation of the facilities to be as efficient as possible and for the business to be well positioned for the future, particularly as projects in other sectors that have been delayed by the pandemic are restarted.

Many of the projects undertaken in 2021 were in areas not significantly impacted by the Covid-19 pandemic, such as large distribution warehouses, which have a larger steel content per man hour than more complex projects such as commercial offices, and as such attracted a lower margin. 2022 has seen the continued growth in the Company's order book and provides confidence of delivering increased value for its shareholders.

The larger projects undertaken by Billington Structures during 2021 included:

- Newhurst EfW, Leicestershire – Hitachi Zosen Inova
- Sandwell Aquatics Centre, Smethwick – Wates Construction
- Pinewood Studios, Slough – Sir Robert McAlpine

Noma, 4 Angel Square, Manchester



It is pleasing to note that some of the Company's complex and challenging projects were again recognised in some of the industry's prestigious awards. Sandwell Aquatics was voted the UK Tekla award winner in the Sports and Recreation category and Wenlock Works (Shepherdess Walk) achieved a merit award in the Structural Steel Design awards.

Billington Structures has a strong order book for 2022 and is seeing additional significant future project opportunities. This includes more complex projects, such as fulfilment centres, film studios and renewable energy infrastructure, at higher margin levels. Whilst the detailed timing of certain specific projects remains subject to change, and a number of potentially significant contracts have yet to be secured, the future prospects for Billington Structures are encouraging. The Group invested heavily in stockpiling steel in the later part of 2021 in order to mitigate against anticipated price increases and any supply issues for already contracted work. It is anticipated that this steel will be fully used for projects in the first quarter of 2022 leading to a return to historic levels of inventory.

Peter Marshall Steel Stairs

Based in Leeds, Peter Marshall Steel Stairs is a specialist designer, fabricator and installer of bespoke steel staircases, balustrade systems and secondary steelwork. It has the capability to deliver stair structures for the largest construction projects and operates in sectors spanning retail, data, commercial offices, education, healthcare, rail and many more.

Peter Marshall Steel Stairs continued the strong performance seen in 2020 into 2021, recording record revenues for the year. Whilst the business was impacted by steel price increases, it retained robust margins, which were not as heavily impacted as those in the Group's other structural steel businesses.

Notable projects undertaken in 2021 included:

- HH4 Data Centre, Hemel Hempstead – Flynn Contractors
- Siemens Blade Facility, Hull – J&D Pierce
- 20 Ropemaker Street, London – William Hare

As one of the largest companies in its sector, during the year the Company received its biggest ever single order, and enjoys a robust market position, particularly when viewed against its smaller competitors, in what is a fragmented market. During 2021 Peter Marshall's was often operating at full capacity, sub-contracting work where appropriate. The Group continues to review opportunities to increase the capacity of the business and improve productivity, in what is one of the higher margin areas of the Group's structural steel business.

The business entered 2022 with a strong order book and significant prospects to secure further business.

Easi-Edge

Easi-Edge is a leading site safety solutions provider of perimeter edge protection and fall prevention systems for hire within the construction industry. Health and safety is at the core of the business which operates in a legislation driven market.

In 2021, the business continued to suffer from Covid-19 related delays to the start of projects and a subdued commercial office market, although it remained a significant contributor to Group profits. The limited number of new commercial office developments currently being undertaken in the UK, in particular has a significant impact on Easi-Edge as these types of projects require a greater amount of Easi-Edge product when compared to most other types of developments, such as distribution warehouses, undertaken by the business.

However, Easi-Edge continues to see good opportunities, with utilisation forecast to increase in 2022, although this is not expected to return to historic levels in the short to medium term whilst the commercial office market remains subdued.

Projects undertaken by Easi-Edge in 2021 included:

- Cornbrook Commercial Offices, Manchester – ISG Construction
- Milburngate, Durham – Tolent Construction
- S1 Kings Cross, London – Elland Steel Structures

The investments made in the business prior to the pandemic, adding to the stock available for hire, meant 2021, like 2020, was a year of low capital expenditure, focusing on replacements where required. However, the business continues to innovate and Easi-Edge's new Core Safe product for the protection of lift shafts was introduced to the market in 2021.



East Midlands Gateway, Derby



LBA8 Mezzanine, Leeds

Hoard-it

Hoard-it produces a unique range of re-usable temporary hoarding solutions which are environmentally sustainable and available on both a hire and sale basis tailored to the requirements of its customers.

Hoard-it enjoyed a strong first half of 2021 and an even stronger second half, operating at full capacity, as projects resumed following the delays experienced in 2020 due to the Covid-19 pandemic.

Projects were undertaken for both existing and new customers, as the client base expanded in line with the goal of ensuring the product is the number one choice for main contractors and developers in the construction industry, particularly in the residential construction market, where Hoard-it's range of printed boards and panels are proving attractive to developers looking for a professional and promotional site image, with added functionality.

Hoard-it also continued to add to its product offering, providing additional products used on sites such as accommodation, trackway, security cameras and graphics. An expanded graphics solution, Brand-it, was introduced in the first half of 2021, which is being utilised on both Hoard-it's own products and on those produced by others. Brand-it's site graphics solutions enable site perimeter hoarding to be a prime marketing tool with added functionality such as anti-graffiti and anti-climbing coatings.

Notable projects in 2021 undertaken by Hoard-it included:

- Various Nightingale Hospital sites
- Pinewood Studios – Sir Robert McAlpine - Slough
- Swindon Radiotherapy Centre – John Sisk - Swindon
- Prince Charles Hospital – Interserve – Merthyr Tydfil

Following significant capital expenditure in 2020 to increase the hire stock level the Group continued to invest in Hoard-it during 2021, in particular bulk buying board to ensure supply was always available and mitigating cost increases as far as possible.

Hoard-it entered 2022 with a good pipeline of new business and the positive momentum experienced in 2021 has continued into the current year.

Our People

The pandemic related challenges faced in 2020 continued in 2021, with particular disruption experienced in the second half of the year due to Covid-19 related staff absences. I am pleased to say that the Billington workforce rose to these challenges, covering for staff absences as diligently as possible, and showing the resilience and flexibility required to maintain the Group in a strong position.

Average staff numbers in 2021 decreased 1.8 per cent, with 391 employed at the year end.

We anticipate a modest increase in staff numbers in 2022 as activity levels increase, although attracting sufficient, experienced, quality people remains a challenge for both Billington and the industry as a whole. The Group therefore continues its focus on developing its people and has implemented a number of training initiatives to assist in overcoming this issue.

Of particular note is the welding school we have established in partnership with Betterweld to help mitigate the shortage of skilled fabricator welders. We have increased our number of apprentices in this area and through a structured training programme we aim to provide the next generation with the appropriate skills for our industry.

Billington maintains close relationships with other local education providers, with continuing support being provided to both Barnsley College and the University of Sheffield Engineering Department. The Company regularly attends educational career days, hosts school visits to its sites and seeks to develop talent from a young age with its range of internal training programmes across all departments of the business.

Billington also continues to actively promote its apprenticeship and graduate schemes in other areas, particularly focusing on technical staff. These programmes are geared to help the business maintain the necessary skills and expertise to meet both its current and future requirements.

Additionally, Billington continues as an advocate, promotor and contributor to the British Constructional Steelwork Association's CRAFT apprentice programme. The scheme has become an important path for the Company to train, educate and progress structural steelwork fabricators. The scheme ensures that the Company possesses the necessary and appropriate skills to enable it to deliver for its clients and be at the forefront of new processes and techniques, driving manufacturing efficiencies.

Health, Safety, Sustainability, Quality and the Environment

A commitment to health, safety, sustainability, quality and the environment is core to everything that Billington does.

In light of the Covid-19 pandemic the health and wellbeing of our staff and customers has, and continues to be, of the highest priority. The significant changes made in 2020 to the way we operate to allow for social distancing, home working by office staff where appropriate and to provide a healthy working environment for those working in our facilities and on sites, continued and was adapted as appropriate in 2021. We are regularly reviewing our working practices to ensure we meet best practice and ensure all appropriate measures are taken to ensure the health and wellbeing of our staff, subcontractors and customers.

Across the Group, led by our Health and Safety department, we work to ensure that continued progress can be achieved in enhancing working practices and improving the safety culture at all the Group's facilities and in our on-site activities. We are also actively involved in a number of initiatives both locally and nationwide to ensure the safety of our staff and to minimise the impact of our operations on the environment. The Group aims to be proactive in the identification, reporting and resolution of risks both on site and in our production facilities to ensure that we are able to mitigate the risks and promote safe ways of working.

Charity

Billington continues to be a significant advocate and supporter of both local and national charities. In 2017 the Billington Charity Foundation was established in order to focus efforts. In 2021 Billington has continued to actively support many charity programmes.

Throughout 2021, Billington donated to charities including Macmillan, Mind and Barnsley Hospice, together with a range of local sports teams and other causes that our employees are involved with.

Billington actively supports a diverse range of charitable and social causes that our employees are involved with, and the Group encourages involvement in initiatives intended to improve the local areas in which our people live.

Customers and Suppliers - Ethical Trading

The Company recognises the need to maintain a supply chain that adheres to and is aligned with our environmental, social and commercial objectives and policies.

Billington is committed to carrying out all dealings with clients, suppliers, sub-contractors and its own staff in a fair, open and honest manner. It is also committed to complying with all legislative and regulatory requirements that are relevant to its business activities and monitors these on a regular basis.

The Company communicates fully and openly with customers regarding costs of work undertaken and will provide accurate and honest guidance and advice to customers to ensure their requirements are met.

The Company strives to develop positive relationships with suppliers to ensure both parties understand each other's problems and requirements. It will not use current or potential contracts to coerce suppliers into unsustainable offers.

The Company treats its staff fairly in all aspects of their employment, valuing their contribution to the achievement of Company objectives and providing them with opportunities for training and development.

The Company is proud of its long standing and committed partner relationships with its supply chain and in turn seeks to treat them fairly with timely payment for works and the implementation of a 'no retention' policy.

Steel Industry

Throughout 2021, the dominant theme has been the increase in steel prices across Europe. This has primarily been driven by increased energy costs, although extreme volatility in iron ore prices during the period, coupled with overall increases in scrap steel values, has led to consequential price increases in the wide range of steel products that the Group sources from a variety of steel producers worldwide.

In 2021 these price increases were in the order of 60 per cent, on top of the c.40 per cent. increases seen in 2020. We anticipated a more stable supply picture in 2022, with previous supply constraints removed and Billington benefiting from its scale in the market and trading relationships with its primary supply chain. The onset of the conflict in Ukraine has noted a restriction in some raw materials used in the steel making process of some steel products and further price rises have been encountered as a result.

As stated previously, Billington keeps its steel supply options under constant review and employs a variety of measures to allow the Company to reduce its exposure to volatility in steel prices and any variability in supply over the short term. This hedging strategy, coupled with the stockpiling seen in the later part of 2021, enables most projects to be covered up to six months out, mitigating the immediate impact. Although, over the longer-term price rises are passed onto customers as far as possible. The Group is also reviewing its steel procurement strategy in order to reduce its reliance on any one supplier as far as possible.

Strategy and Acquisition

The Group has implemented a strategy to improve operating margins over the medium term through the investment and upgrading of some principal items of capital equipment, combined with projects to increase the capacity from the Company's fixed asset base. These projects shall ensure the Group maximises the inherent value within the business and capitalises upon its strong market position within the industry.

Post period end we established a new trading subsidiary, Specialist Protective Coatings Ltd ("SPC"), following the Company's acquisition of the trading assets of Orrmac Coatings Ltd, a specialist painting Company based in Sheffield, UK, out of administration. The Group has been seeking to expand its painting capabilities for some time and the acquisition presented an excellent opportunity to strengthen the Group's internal offering in this area as well as providing a specialist service to the wider market. Since Billington acquired the trading assets of Orrmac Coatings, sited from the 55,000 square foot facility in Sheffield, it has undergone a substantial refurbishment and investment programme to ensure the facility is able to effectively service the most demanding of projects, including shotblasting and lifting capabilities for steel assemblies that are amongst the largest capacity in the UK.

The incorporation of SPC will provide the Group with increased control of a significant subcontract trade that had previously been outsourced and ensure the margin associated with this trade is maintained within the business.



Prospects and Outlook

The Group continued to face challenges during the year, both from the continuing impact of the Covid-19 pandemic, particularly in relation to staff absences, and raw material price increases, together with supply constraints for certain materials and labour. However, whilst the overall market continues to be challenging, the Directors believe the outlook for Billington is encouraging.

We remain in a financially robust position and I believe all our businesses are well placed for the future. We have weathered the pandemic well and as the market returns to more normal operating conditions we are well placed to take advantage. A number of our competitors and suppliers have suffered to a much greater extent than Billington, with a number ceasing to trade over the past two years. This, over the longer term, will aid margin improvement across the industry and will create opportunities for Billington to secure new business.

Whilst the potential for continuing material price inflation and the macroeconomic landscape, particularly with events in Ukraine, remains a concern the order book continues to grow. The current order book comprises both delayed and new projects, and the Group has significant future order prospects, many at improved margins. There are a number of larger, more complex projects both contracted and in prospect, and the number and quality of enquires continues to improve. We are seeing opportunities in all sectors, particularly large retail distribution warehouses, data centres, 'Gigafactories', food processing developments, film industry, public sector works, rail infrastructure, together with a return of some commercial office development projects.

In closing, I would like to thank Billington's Board, employees, shareholders and all stakeholders for their continued support. Despite the continuing challenging market conditions I look forward with optimism that the shoots of recovery seen in 2021 and into the early part of the current year will continue to gain traction.



Mark Smith
Chief Executive Officer

25 April 2022



A63 Balfour Beatty, Hull

FINANCIAL REVIEW

Revenue	Underlying EBITDA	Underlying profit before tax	Underlying operating profit margin
£82.7m	£3.3m	£1.3m	1.6%
Operating cash outflow	Cash and cash equivalents	Underlying earnings per share from continuing operations	
£(2.7)m	£10.4m	8.1p	

Consolidated Income Statement

	Underlying 2021 £'000	Non-Underlying 2021 £'000	Total 2021 £'000	2020 £'000
Revenue	82,720	-	82,720	65,955
Operating profit/(loss)	1,339	(1,123)	216	1,659
Profit/(loss) before tax	1,302	(1,123)	179	1,667
Profit/(loss) after tax	978	(910)	68	1,369
Profit/(loss)	978	(910)	68	1,369
Operating profit margin	1.6%	-	0.3%	2.5%
Return on capital employed	8.4%	-	1.4%	13.9%
Earnings/(loss) per share (basic)	8.1p	(7.5)p	0.6p	11.3p

Revenue increased 25 per cent year on year primarily as a result of increased output related to the structural steelwork activities of the Group. Revenue was also impacted by cost inflation related to some of the primary input costs of the Group. Over the course of 2021, as a result of iron ore and energy cost escalation, the price for steelwork increased by over 100 per cent, with further increases seen during the early part of 2022.

Forecasts indicate that the consumption of structural steelwork within the UK increased to 803,000 tonnes in 2021 from 686,000 tonnes in 2020, an increase of 17 per cent. Projections indicate that consumption will increase by 10.5 per cent to 887,000 tonnes in 2022 and a further 2.1 per cent to 905,000 tonnes in 2023, allowing the Group to look forward with optimism in the medium term as the UK continues to recover from the pandemic.

Underlying operating margins reduced to 1.6 per cent in the year as a result of overhead cost inflation, input material price increases that are unable to be hedged, a number of challenging projects and subdued margins attainable on new contracts. The operating margin achieved within the Safety Solutions entities, at 14.2 per cent (2020: 16.9 per cent), was very encouraging and demonstrated resilience during the period. The level of utilisation for the hire products within the Safety Solutions division continued to be impacted primarily as a result of continued low levels of commercial office construction throughout the UK.

Cash management continued to be a primary focus during the year. The reduction in the gross cash balance to £10,382,000 at 31 December 2021 (31 December 2020: £15,126,000) was primarily attributable to working capital requirements increasing £3,565,000 in the period as a consequence of high workloads and the forward purchasing of raw materials at the period end. The average gross cash balance during the year was £13,390,000 (2020: £15,300,000). The continued strong cash position leaves the Group well placed to achieve both its short and long-term objectives, while providing financial security and providing opportunities to invest and mitigate short term price volatility in some of its primary input costs.

Average staff numbers in 2021 decreased 1.8 per cent to 372, with an overall rise in staff costs of 1.5 per cent year on year. Industry wide challenges remain to ensure wage inflation is mitigated and in attracting sufficient quality resource across all disciplines. The Group anticipates a modest increase in staff numbers in 2022 as activity returns to pre pandemic levels.

The Shafton facility continues to provide the Group with opportunity to expand and diversify its operations further optimising the current resources within the control of the Group.



Barberry Phase 2, Central Park

Consolidated Balance Sheet

	2021 £'000	2020 £'000
Non current assets	17,527	16,219
Current assets	35,428	33,340
Current liabilities	(21,705)	(18,866)
Non current liabilities	(1,858)	(1,476)
Total equity	29,392	29,217

During the year two significant capital expenditure projects were completed that were previously paused upon the onset of the pandemic. One project, at Shafton, related to the investment in a dedicated plate girder manufacture line to ensure that the Group's offering was enhanced and could service all its clients' requirements. The second project related to the replacement of an aged shotblast machine at its Yate facility.

Further investment projects to improve operational efficiencies and increase certain manufacture capacities were commenced just prior to the year end, with the majority of this expenditure to occur in 2022. At the year end these projects under construction totalled £421,000.

As part of the Group's ongoing strategy to improve operating margins there is an agreed programme of capital equipment replacement and enhancement over the next four years.

Within non-current assets, property, plant and equipment increased by £318,000, represented by capital additions of £2,351,000, depreciation charges of £1,960,000 and net disposals of £73,000.

The defined benefit pension scheme has performed well in the period against a backdrop of turbulent equity markets. At the year end, a surplus of £2,673,000 along with a corresponding deferred tax liability of £668,000 has resulted in a net recognised surplus of £2,005,000. The scheme was closed to future accrual in 2011.

The net deferred tax liability at the year end was £1,108,000 (2020: £476,000), being a deferred tax liability of £440,000 (2020: £156,000) related to temporary timing differences, combined with a deferred tax liability of £668,000 (2020: £320,000) related to the defined benefit pension scheme surplus.

The increase of £2,088,000 in current assets included an increase of £7,073,000 in inventories and work in progress, a decrease of £660,000 in trade and other receivables, and a decrease in the gross cash balance of £4,744,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £1,951,000 (2020: £3,110,000). It is anticipated that £1,667,000 will be received within one year and £284,000 in greater than one year.

Trade and other payables increased by £2,848,000. Within this, trade payables increased £7,188,000 and was offset through decreases of £2,409,000 related to social security and other taxes and £1,388,000 related to contract losses.

On 1 March 2021 the reverse charge VAT regime by HMRC was implemented. Under the new procedures VAT is no longer charged, and monies received to the majority of its customers for on site construction activities. The new procedure has resulted in an adverse impact on the cash flows relating to the payments of VAT to HMRC.

Total equity increased by £175,000 in the year to £29,392,000. The financial position of the Group at the end of the year remains robust and provides a strong platform to drive shareholder value.

Consolidated Cash Flow Statement

	2021 £'000	2020 £'000
Result for shareholders	68	1,369
Depreciation	1,960	1,911
Capital expenditure	(2,351)	(2,216)
Tax paid	(246)	(844)
Tax per income statement	111	298
Increase in working capital	(3,565)	(3,088)
Dividends paid	(515)	-
Net property loan movement	(250)	(250)
Others	44	90
Net cash inflow	(4,744)	(2,730)
Cash at beginning of year	15,126	17,856
Cash at end of year	10,382	15,126

Dividends were reinstated in the year follow their suspension in 2020 with £515,000 paid in the period.

A dividend has been proposed in respect of the 2021 financial year of 3 pence per share (£388,000), covered 2.7 times underlying earnings and will be paid to shareholders upon approval at the AGM in July 2022.

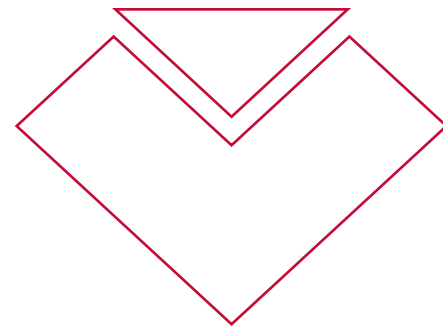
The Group remains committed to treating its suppliers and subcontractors fairly and to paying them in line with their agreed payment terms. It is the Group's policy not to withhold retentions from members of its valued supply chain.

Working Capital

	2021 £'000	2020 £'000
Inventories and work in progress	12,151	5,078
Accounts receivable	12,216	12,876
Accounts payable	(21,455)	(18,607)
Working capital at end of year	2,912	(653)

Cash balances at the year end totalled £10,382,000 and there were property loans outstanding of £1,000,000 representing a net cash position of £9,382,000 (2020: £13,876,000). Cash management and preservation remained a continued focus during the year. The robust cash position of the Group allowed it to take advantage of advanced purchase of structural steelwork to mitigate some of the price escalations during the year and mitigate margin pressure.

The strong cash position provides the Group with financial stability and allows the investment in capital assets to improve operating margins and provide a comprehensive service to its clients.



The Glass Works, Barnsley



The cash balance was impacted in the year through the transition to the new reverse charge VAT regime implemented by HMRC from 1 March 2021, the repayment of the deferred VAT liability (£671,000) under the coronavirus deferral scheme and the high level of contract work in progress at the year end.

The strong year end cash position allows the Group to further invest in replacing and upgrading some of its capital assets. 2022 to 2025 will see a programme of capital additions, primarily within the structural steel division of the Group. The additional capital expenditure will support both an increase in the range of services the Company can perform as well as replacing a number of aged machines with more efficient models. Investment in the latest technologies will ensure Billington can deliver the most challenging projects, efficiently, for its clients.

Pension Scheme

	2021 £'000	2020 £'000
Scheme assets	9,693	9,292
Scheme liabilities	(7,020)	(7,609)
Surplus	2,673	1,683
Other finance expense/(income)	(33)	4
Contributions to defined benefit scheme	-	-

To limit the Group's exposure to future potential pension liabilities the decision was taken to close the remaining Billington defined benefit pension scheme to future accrual from 1 July 2011. The scheme's assets have performed well, in a difficult market during the period, leaving the scheme in a strong position as at the balance sheet date. The scheme underwent an asset review in the period and the decision taken to derisk the portfolio and hedge against future inflation while maximizing returns. As a result the majority of the schemes assets are now held in government bonds.

The scheme's triennial valuation for the period ended 31 March 2020 was completed on 10 December 2020. The position of the scheme as at the date of the valuation was an asset position of £8,048,000 and a liability position of £7,776,000 resulting in a surplus of £272,000. At the valuation date of 31 March 2020, the equity market had been significantly impacted by the pandemic and as a consequence affected the value of the assets within the scheme. The FTSE 100 index at 31 March 2020 was 5,672 and has subsequently recovered to circa 7,600, an increase of some 34 per cent, before the assets were transferred into UK government bonds to protect and manage the strong surplus position of the scheme in the long term. The next actuarial valuation is due to be completed as at 31 March 2023.

Non Underlying Items

Shortly after the year end a client with whom the Company was completing a contract entered administration. The decision has been taken to provide for the debt owed while continuing in dialogue with the developer to complete the outstanding contract works and recover the monies owed.

This event provided further evidence following previous communications prior to the year end that there was significant uncertainty regarding the recoverability of the receivable and contract work in progress owed by the client at the balance sheet date and is therefore considered an adjusted post balance sheet event.

Employee Share Option Trust (ESOT)

The Group operates an ESOT to allow employees to share in the future, continued success of the Group, promote productivity and provide further incentives to recruit and retain employees.

Options are issued based on seniority and length of service across all parts of the Group.

A Long Term Incentive Plan (LTIP) was introduced across the Group to assist in the remuneration of management and further align the interests of senior management and shareholders. Awards are made subject to achieving progressive Group performance metrics over a three year period.

At the year end there were 474,577 share options outstanding at an average exercise price of £0.29 per share (2020: 514,395 shares at £0.43 per share).

The credit included within the accounts in respect of issued options is £53,000 (2020: charge £181,000).



Trevor Taylor
Chief Financial Officer

25 April 2022



BOARD PROFILE & REGISTERED OFFICE



Ian Michael Lawson
Non Executive Chairman
Appointed: 01/10/2018
Nationality: British

Ian is a fellow of both The Royal Institute of Chartered Surveyors (FRICS) and the Chartered Institute of Building (CIOB) and has a wide range of skills and experience from working within the construction industry for more than 35 years. Ian's previous experience includes being a main Board Director of a tier-1 Principal Contractor where he enjoyed a 13-year career and subsequently spent four years as Chief Executive Officer for a prominent Steelwork Contractor.



Trevor Michael Taylor
Chief Financial Officer
Appointed: 31/10/2018
Nationality: British

Trevor is a fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) and joined Billington in 2008 after 5 years in audit practice specialising in Construction and Financial Services.



Alexander Ospelt
Non Executive Director
Appointed: 01/01/2013
Nationality: Liechtensteiner

Alexander Ospelt has been in independent practice as a lawyer since 1997 and is a Member of the Board of Directors of Legaon Trust and Ospelt and Partner Attorneys at Law, Liechtenstein. In addition, he is also a Board Member of a number of other companies including Ospelt Holding Anstalt; Bergbahnen Malbun AG; Bank Havilland Ltd; Chairman of the Board of Seed X Liechtenstein Ltd; and Chairman of the Board of ONE Insurance Ltd. Alex was also appointed Honorary Consul of the Kingdom of Belgium in 2017.



Mark Smith
Chief Executive Officer
Appointed: 01/01/2015
Nationality: British

Mark joined Billington Holdings Plc as Chief Operating Officer on 2 June 2014. He was appointed as Chief Executive on 1 January 2015. Mark has an in depth knowledge of the construction industry for over 30 years driving for growth and profit in competitive markets.



John Stuart Gordon
Non Executive Director
Appointed: 01/04/2007
Nationality: British

John practised as a barrister from 1989 until 1999 when he re-qualified as a solicitor. John is in private practice as a partner / consultant in Excello Law Solicitors, specialising in commercial and property litigation. He was appointed to the Board in 2007, and his legal-commercial background makes him a valuable member of the team.



Stephen John Wardell
Non Executive Director
Appointed: 14/01/2019
Nationality: British

Stephen is a member of the Institute of Chartered Accountants in England & Wales (ICAEW), having qualified in 1988. He retired from KPMG in 2018 having been a partner for nearly 20 years, having held a number of management roles in the firm and was most recently a Senior Audit Partner working with FTSE 100 and 250 boards in an audit, advisory and relationship management capacity. Throughout his career, Stephen has specialised in the construction and contracting sectors and was a member of the ICAEW Construction Sector Working Group in 2014. Stephen currently has a role with the KPMG UK Audit Board and is also a director of The 5% Charity Club.

Auditors

Grant Thornton UK LLP, Chartered Accountants & Statutory Auditors, No.1 Whitehall Riverside, Leeds, LS1 4BN

Bankers

HSBC Bank Plc, 4th Floor, City Point, 29 King Street, Leeds, LS1 2HL

Solicitors

Walker Morris LLP, Kings Court, 12 King Street, Leeds, LS1 2HL

Registrar and Main Transfer Office

Link Asset Services, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0GA

Nominated Advisor and Broker

W H Ireland, Royal House, 28 Sovereign Street, Leeds, LS1 4BJ

Registered Office

Steel House, Barnsley Road, Wombwell, Barnsley, South Yorkshire, S73 8DS

Registered in England.

Company Number: 02402219



Shafton Steel Services

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31 December 2021.

Results and Dividends

The consolidated income statement is set out on page 37 and shows the result for the year.

A final dividend has been proposed in respect of 2021 of 3.0 pence per ordinary share (£388,000) (2020: 4.25 pence) per ordinary share (£550,000). As the distribution of dividends by Billington Holdings Plc requires approval at the shareholders' meeting, no liability in this respect is recognised in the consolidated financial statements.

Financial Risk Management Objectives and Policies

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various other items, such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are foreign currency risk, 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.

Foreign currency risk

To mitigate the Group's exposure to foreign currency risks non-Sterling cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies.

Interest rate risk

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

Liquidity risk

The Group 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 a Group treasury function which is charged with ensuring sufficient liquid funds are available to all companies as and when they are required. Additionally short term flexibility is achieved by overdraft facilities.

Credit risk

The Group's principal credit risk arises from trade receivables. In order to manage credit risk the Directors set credit limits for customers based on payment history and third party credit references. In addition, credit insurance is maintained, where available, to reduce the risk to an acceptable level (see notes 13 & 19 to the consolidated financial statements).

Directors

All Directors served throughout the year.

In accordance with the Articles of Association Mr I.M. Lawson and Mr S.J. Wardell retire and offer themselves for re-election.

The interests of the Directors at the year end in shares of the Company were as follows:-

Billington Holdings Plc ordinary 10p shares

	31 December 2021		1 January 2021	
	Shares	Options	Shares	Options
Ian Lawson	17,200	-	17,200	-
Mark Smith	17,161	160,968	13,749	167,904
Trevor Taylor	17,438	120,904	14,749	126,369
John Gordon	82,270	-	82,270	-
Alexander Ospelt	6,500	-	6,500	-
Stephen Wardell	-	-	-	-

The Directors outstanding options at the year of the year were as follows:

	Mark Smith	Trevor Taylor	Exercise price	Expected exercise date
Bonus Scheme	4,689	3,701	nil	Mar 22
Deferred Bonus Plan	18,160	13,620	nil	Mar 23
LTIP	138,119	103,588	nil	Mar 22 - Mar 23
	160,968	120,909		

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared consolidated financial statements in accordance with UK-adopted international accounting standards and have elected to prepare parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 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 and the Group 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-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Group 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 Group and the parent 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 Director is 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 in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

The financial position of the Group, its continued positive underlying trading performance in 2021 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2022.

The Group has a gross cash balance of £10.4 million at 31 December 2021 and no significant long-term borrowings or commitments.

The Directors have prepared forecasts covering the period to April 2023 and approved by the Board in March 2022. Whereas restrictions are easing within the UK and the construction industry output increases there remains some residual uncertainty as to the future impact on the Company of Covid-19. The residual uncertainty has been separately considered as part of the Directors' consideration of the going concern basis of preparation.

The success of the vaccine roll out programme, combined with the continued easing of restrictions, provides an increased degree of confidence moving into 2022. Industry projections (issued in January 2022) indicate that output increased 16.8% in 2021 and a further 10.5% anticipated in 2022. Furthermore, the current orderbook secured for 2022 allows the Group to look forward with an increasing degree of optimism.

Material price volatility and availability has been affected through the onset of the conflict in Ukraine. The Company's primary input materials relating to contracts are that of steel sections and plate. The Company has sought to agree fixed prices with its suppliers and forward purchase sufficient quantity of these materials to provide certainty the Company is able to meet its contractual obligations.

The Directors expect that the Group has sufficient resources to enable it to continue to adopt the going concern basis in preparing the financial statements.

Streamlined Energy and Carbon Reporting ('SECR')

Billington's SECR reporting is in accordance with UK regulations and includes emissions arising from our fleet, gas and electricity in all sites and offices of the Group's parent company and the main subsidiary

Billington Structures Limited. To calculate its emissions into equivalent tonnes of carbon dioxide (CO₂e) the Government's carbon conversion factors updated in 2020 were used.

For the year ended 31 December 2021 the energy usage is as follows:

	2021 KwH	2020 KwH
Total energy consumption used to calculate emissions:	6,501,193	6,402,369
	2021 Tonnes of CO ₂ e	2020 Tonnes of CO ₂ e
Emissions from combustion of gas tCO ₂ e (Scope 1)	504	674
Emissions from combustion of fuel for transport purposes (Scope 1)	234	145
Emissions from purchased electricity (Scope 2, location-based)	638	609
Emissions from business travel in employee-owned vehicles (Scope 3)	38	17
Total gross CO ₂ e	1,414	1,445
Greenhouse gas emissions - intensity ratio: Tonnes of CO ₂ e per £'m of revenue	17.2	21.9

The Group's approach to environmental matters is included within the Sustainable and Responsible Business Report.

The Group is fully compliant with ESOS legislation and also achieved re-certification for BS EN ISO 14001:2015 Environmental Management during the year.

A project to migrate all lighting to LED across the Group has continued during the year and we have also received the first fully-electric and hybrid vehicles and placed orders for further hybrid and electric vehicles.

A Carbon Reduction Policy is currently in place to make to ensure that the Group actively seek and invest in energy and efficiency saving measures, continues to actively recycle waste where possible and target improvements in transport and fuel efficiency.

During the year the Group established the Environmental, Social and Governance Committee. In 2022, the Committee will set environmental targets for the Group and start implementing policies and procedures to work towards achieving carbon accreditation.

Stakeholder Engagement

Billington's stakeholders are an integral part of the business, they consist of: customers, suppliers, employees, shareholders, advisors and the local communities within which the Group operates.

Details of how the Directors have engaged with these stakeholders are included within the Governance Report.

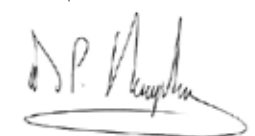
Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office. In accordance with Section 489 (4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

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



Darren Kemplay
Company Secretary
Billington Holdings Plc
Company Number - 02402219
25 April 2022



STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report together with the audited financial statements for the year ended 31 December 2021.

Business Review

The business model of the Group is to operate as a designer, manufacturer and installer of structural steelwork through its subsidiaries Billington Structures Limited and Peter Marshall Steel Stairs Limited, and as a supplier of safety solutions and barrier systems to the construction industry, through its subsidiary Easi-Edge Limited as well as providing site hoarding

systems through Hoard-it Limited. The parent company acts as a holding company providing management services to its subsidiaries.

On a Group basis the business review and future prospects for the business are contained within the Operational Review and Financial Review (see pages 3 to 13), including an analysis using key financial and non-financial performance indicators.

Key Non-financial Performance Indicators

	2021	2020
Production efficiency	123%	111%
Hire stock utilisation	61%	72%
Accidents (own employees) - reportable	5	2
Employee numbers	372	379
Apprentice intake	5	1
Staff turnover (excluding restructuring)	16%	18%

Principal Risks and Uncertainties

Principal risks and uncertainties have been reviewed and updated. There are no new principal risks or uncertainties identified during the year.

Contract risk

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

Health and safety

Health and safety within the Billington Group is of paramount importance. The protection of our employees and those who may be affected by our business remains a key concern and priority. The ethos throughout the Group is to ensure the welfare of all employees is at the forefront of every decision, not only to meet legal requirements but to go far beyond.

Economic environment

The economic environment in which the Group trades continues to be challenging with both macro and micro economic pressures. These risks are largely outside of the control of the Group, however the Directors monitor the economic environment closely and this informs decision making within the Group.



Birmingham City Council

Credit risk

Current economic conditions have impacted on the Group's ability to maintain full credit protection on all customers. This will remain an important issue for the foreseeable future that will be constantly monitored to ensure the Group is not exposed to an unacceptable level of risk.

Covid-19

The worldwide outbreak of Covid-19 in early 2020 has created significant uncertainty throughout the globe. It has had a significant impact upon the UK however the success of the vaccine roll out programme, combined with the continued easing of restrictions, provides an increased degree of confidence moving into 2022. Industry projections (issued in January 2022) indicate that output increased 16.8% in 2021 and a further 10.5% anticipated in 2022. The Directors continue to monitor the latest situation on a daily basis and are taking all necessary steps and actions to reduce the risk and impact on the Group. Further details as to the impact of Covid-19 and the mitigation measures implemented during the period are contained within the Report of the Directors, Chairman's, Chief Executive's, and Chief Financial Officer's statements.

Failure to manage the above principal risks, as far as the Group is able, could lead to significant impact on profitability and to the reputation of the Group.

Section 172 (1) Statement

The Directors of the Company consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to Section 172 (a)-(f) of the Companies Act 2006.

Details of how the Directors have fulfilled their duties are included in the Governance Report.

Disabled Persons

The Group'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.

Employee Involvement

It is Group policy to disseminate relevant information about Group affairs amongst employees. The Group operates an Employee Share Ownership Plan (see note 10.).

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



Darren Kemplay
Company Secretary
Billington Holdings Plc
Company Number - 02402219
25 April 2022

SUSTAINABLE AND RESPONSIBLE BUSINESS

Billington believes that operating in a sustainable and responsible manner is key to the growth and success of the Group. The Group have a number of policies in place that underpin its day-to-day operations, ensuring the safeguarding of both the environment and its stakeholders. This highlights Billington's fundamental commitment to delivering responsible business growth and development.

Health and Safety

Overview

Billington operates within an industry whereby if risks are not appropriately identified, monitored and mitigated they against could present risks to employees and wider stakeholders. The Chief Executive Officer is ultimately responsible for the implementation and enforcement of the Group's policies and procedures.

The Health and Safety risks are mitigated through the constant review of the Company's procedures by an appropriately resourced and trained Health and Safety department who operate on a Group level and are able to cross pollinate good practices across all Group entities. The Group Health and Safety Manager takes an active involvement in the British Constructional Steelwork Associations (BCSA) Health and Safety Committee to enable the Company to maintain and improve its knowledge of industry observations, trends and best practice.

The Company adheres to BS EN ISO 45001 and is audited annually through the Steel Construction Certification Scheme (SCCS) to ensure compliance.

The Health and Safety of the Group's employees, subcontractors and its wider stakeholders is of paramount importance and is at the heart of every decision when considering activities that could have an impact on individuals.

Environment

Overview

Due to the industry in which Billington operates, the Group recognises that its business activities can impact the wider environment, and therefore, has an obligation to reduce the direct negative impact of these activities. In order to manage the environmental risk, Billington has adopted policies that comply with the ISO BS EN 14001 - Environmental Management System.

The policies implemented by Billington manage the environmental impact by reducing pollution, improving energy efficiency and reusing and recycling waste (where possible), in order to achieve its long-term environmental goals.

Billington also maintains the Gold Standard awarded by the British Constructional Steel Association ("BCSA") for meeting the requirements of the Steel Construction Sustainability Charter. The programme of sustainability objectives is reviewed annually as a means of demonstrating continuous improvement.

To ensure the successful implementation of the Group's environmental policies, Billington educates and informs its employees of the environmental impact of their work activities, and encourages staff to seek methods to reduce these impacts. It also provides employees with the necessary resources to deliver the environmental objectives.

Additionally, the Group works in partnership with sub-contractors to identify and develop procedures to reduce the environmental impact of its onsite project work to a practicable minimum and ensure optimum efficiency of onsite operations.

The Board is responsible for continuously monitoring and reviewing these policies to ensure the programme is adapted and improved. This will ultimately save the Group money, improve brand reputation and reduce Billington's environmental footprint.

Old Granada Studios, Manchester



Social

Overview

Billington's stakeholders are an integral part of the business, they consist of: customers, suppliers, employees, shareholders, advisors and the local communities within which the Group operates.

Employees

Employee engagement, development and satisfaction is key to building a successful business. Billington invests in the development of its staff, adopting a number of policies aimed at recruiting and rewarding employees, including operating effective training and award-winning apprenticeship schemes.

Billington keeps an open line of communication with employees through regular briefings and the production of Company literature including a bi-weekly newsletter. Board members frequently attend management briefings with Group companies to ensure active engagement at all levels.

The Company implements an Employee Share Option Trust (ESOT) to allow employees to share in the future and continued success of the Group.

Employee health and welfare is of utmost importance and a range of schemes and initiatives have been implemented and communicated to employees to assist in the promotion of an active and healthy lifestyle. Mental health and the recognition of a need to ensure employees are adequately supported has resulted in a range of initiatives being implemented during the year to further promote employee welfare. The Company was recognised for its promotion of employee welfare in the "Be Well at Work" awards in the local region.

These policies help to foster employee communication and development, and help to deliver long-term Company growth.

Customers and Suppliers - Ethical Trading

The Company recognises the need to maintain a supply chain that adheres to and is aligned with our environmental, social and commercial objectives and policies.

Billington is committed to carrying out all dealings with clients, suppliers, sub-contractors and its own staff in a fair, open and honest manner. It is also committed to complying with all legislative and regulatory requirements that are relevant to its business activities.

The Company communicates fully and openly with customers regarding costs of work undertaken and will provide accurate and honest guidance and advice to customers to ensure their requirements are met.

The Company strives to develop positive relationships with suppliers to ensure both parties understand each other's problems and requirements. It will not use current or potential contracts to coerce suppliers into unsustainable offers.

The Company treats its staff fairly in all aspects of their employment, valuing their contribution to the achievement of Company objectives and providing them with opportunities for training and development.

The Company is proud of its long standing and committed partner relationships with its supply chain and in turn seeks to treat them fairly with timely payment for works and the implementation of a 'no retention' policy.

Equal Opportunities

Billington is an equal opportunity employer, it adheres to the Equality Act 2010, and believes that all individuals should be treated fairly and equally. The Group strives to create a supportive and welcoming environment where diversity is valued and employees have the ability to progress and prosper without prejudice or discrimination.

Whistleblowing

The Group is committed to the highest standards of openness, honesty and accountability, and has a strong whistleblowing policy in place that allows all employees to confidently raise any concerns they have internally, without fear of reprisal. The Audit Committee continues to review these procedures and their effectiveness in order to positively enhance the working environment.

Health and Safety

Health and safety issues are monitored and reviewed on a monthly basis by senior management and the Board.

The Group has a well-developed management system for the internal and external control of health and safety which is managed by the Group Health & Safety Manager. This includes the use of risk management systems for the identification, mitigation and reporting of health and safety management information.

Billington's onsite teams have received numerous awards and recognition for their dedication to health and safety practices and the Company aims to continue this success.

Charity

The Company is actively involved in supporting local and national charities, and has established the Billington Holdings Charity Foundation through which it directs all charitable donations. It hosts charitable events for employees and donates funds to its local communities, sports teams and other worthwhile causes.

Training

Billington recognises the importance of training and development in maintaining and growing the success of the business, especially considering the skills shortage within the industry.

The Group has a long history of providing apprenticeship programmes throughout the business, and these form a key element of the overall recruitment and development strategy for Billington. As part of this strategy, the Company was instrumental in developing the BCSCA CRAFT Certificate that covers training for a range of steelwork operations.

The Group also supports local colleges and universities, providing young people with knowledge of, and giving them an insight into, the industry.

Additionally, the Company provides various training opportunities to existing employees, enabling them to grow, develop and reach their full potential.

Modern Slavery

Modern slavery is a growing concern in the UK and, therefore, Billington considers its responsibilities regarding this with the upmost importance. It complies with the Modern Slavery Act 2015 and recognises its duties in relation to the Company's employees and supply chain. The Group implements a number of processes and procedures within the business and reviews these practices on an ongoing basis.

Governance

Overview

Good corporate governance is one of the Company's core values and, as an AIM listed entity, it is something that the Group takes very seriously, ensuring that the Board implements the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Sized Quoted Companies throughout the Company's operations.

Bribery and Corruption Policy

Billington has a strict, zero tolerance Bribery and Corruption Policy, which complies with the Bribery Act 2010, to ensure the integrity and transparency of the Group is maintained. All Group employees are informed of the Company's Bribery and Corruption Policy and the Board is responsible for ensuring that all sectors of the business comply with these obligations.

Appropriate internal and external training is given to employees who may be exposed to situations whereby bribery, corruption and collusion could occur to ensure they are able to identify, act and report instances as they arise.

ESG Committee

In 2021 the Group established a committee to focus on the core principals related to its Environmental, Social and Governance responsibilities.

The initial focus on the Group will be to review and establish the short, medium and long term objectives and their related timescales for implementation and subsequent achievement. The objectives and the Groups desire to become Carbon Zero will be established over the course of 2022.

The committee is made up of employees from across the Group and at varying levels of seniority so as to ensure a diverse range of views and opinions are gained and that buy in is ensured from all areas of the business.

Ethical Principles

Overview

The Group values its reputation for ethical behaviour and has a set of values that are at the core of its business philosophy.

To conduct business ethically, maintaining the Company's integrity

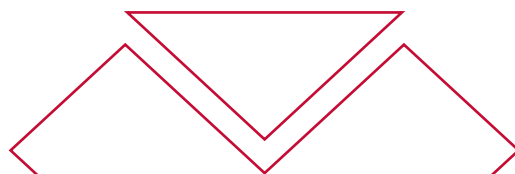
The Company will communicate fully and openly in its dealings with employees, clients, suppliers and the community, ensuring Billington meets its obligations to the best of its ability. The Group will conduct its business operations in an honest, fair and transparent manner. The Company will strive to meet the highest industry standards across all Group companies and ensure all employees are in the position to successfully deliver these requirements.

To value the welfare of its employees and ensure they have a safe, healthy and productive working environment

Billington values its employees and understands they are key to delivering the sustained growth and development of the Company. The Group ensures every employee has the opportunity to fulfil their potential in a supportive and inclusive environment.

To be regarded as a good neighbour and operate in a sustainable manner

The Group is highly regarded in the industry and aims to maintain this positive reputation. It engages openly and effectively with stakeholders and communities, and adopts the highest standards of environmental and suitability guidelines to minimise its impact within the areas it operates.



Project Triathlon, Essex

GOVERNANCE REPORT

Introduction to Governance

The Board is authorised to manage the business of the Company on behalf of the shareholders and in accordance with the Company's Articles of Association. This is achieved by delegating responsibilities to the Board Committees and designating authority to manage the business to the Chief Executive Officer.

The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Group. The Board is currently comprised of two Executive Directors, three Non Executive Directors and a Non Executive Chairman.

The Board is accountable for the long-term success of the Group. The Directors meet on a regular basis and the Executive Directors are in continual discussion with the operational management to ensure that the business objectives of the Group are achieved. Non Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully challenged and supported.

To enable the Board to fulfil its duties, all Directors receive appropriate information and are allowed sufficient time to discharge their responsibilities effectively. Briefing papers are distributed by the Company Secretary in advance of Board Meetings and the members of the Group Board attend the monthly meetings of subsidiary companies. The Company's Non Executive Directors are considered by the Board to be independent of the management, and bring a breadth of experience which is welcomed by the Executive Directors.

Further details on how the Company complies with the Principals of the QCA code can be found on the Billington Holdings Plc website at - <https://billington-holdings.plc.uk/aim-information/corporate-governance-policy/>

Dealing Code

The Company follows the guidelines and procedures outlined in the Quoted Companies Alliance Code for Directors' Dealings, as applicable to AIM companies, and all Directors and relevant employees comply with this.

Communication with Shareholders

The Company encourages two-way communication with both its institutional and private investors and attempts to respond quickly to all queries received verbally or in writing.

The Executive Directors undertake a programme of regular communication with institutional shareholders and with analysts covering the Group's activities, its performance and strategy.

The Executive Directors formally meet with institutional shareholders at least twice a year, after the half year and full year results are released. In addition, site visits for current and prospective shareholders are conducted throughout the year when requested to allow the operations and capabilities of the Group to be demonstrated and observed.

The Board has sought to use the AGM to communicate with private investors and encourages their participation. The notice of the AGM, detailing all proposed resolutions, is notified to shareholders at least 20 working days before the meeting.

Culture and Ethics

Billington is committed to carrying out all dealings with clients, suppliers, sub-contractors and employees in a fair, open and honest manner. It is also committed to complying with all legislative and regulatory requirements that impinge on its business activities.

The Board provides strong leadership and ensures that the Company's ethical values are delivered through the business by regularly engaging with Directors and members of senior management, and consistently reviewing and updating policies.

HOW BILLINGTON IS GOVERNED

Each Board member has a direct responsibility to Billington, its employees and its investors, and aims to ensure the success of the Group.

The Board

The Board comprises a Non Executive Chairman, two Executive Directors and three Non Executive Directors.

The Board members have different backgrounds and bring a varied range of skills and experience to the Company. Between them, members have in depth knowledge of engineering, operations, finance, investment and Billington itself, ensuring there is a strong balance of expertise at Board level.

Board Meeting Attendance

Mark Smith	11/11
Trevor Taylor	11/11
John Gordon	11/11
Alexander Ospelt	9/11
Ian Lawson	11/11
Stephen Wardell	11/11

Audit Committee

Chaired by Stephen Wardell

The Audit Committee comprises the Non Executive Directors and meets no less than twice each year.

It is normal practice to invite the Chief Financial Officer and the Chief Executive Officer to attend those meetings when considered appropriate.

The Audit Committee is responsible for the financial reporting of the Company and the Group, as well as detailed findings arising from external audit reviews.

The Committee reports to the Board on the Group's full and half year results, having examined the accounting policies on which they are based and ensured compliance with relevant accounting standards. In addition, it reviews the scope of the external audit, the effectiveness, independence and objectivity of the auditors, taking into account relevant regulatory and professional requirements.

Remuneration Committee

Chaired by John Gordon

The Remuneration Committee comprises the Non Executive Directors and meets bi-annually, plus additional meetings when required. Its primary responsibility is to review salary levels, discretionary variable remuneration and the terms and conditions of service of the Executive Directors and other members of senior management where their financial remuneration package is above predetermined fiscal limits. The Remuneration Committee also reviews the compensation decisions made in respect of all other senior executives.

The Committee is also responsible for reviewing and determining, along with the Executive Directors, the overall Remuneration Policy applied to the Group. This includes the quantum of variable remuneration and the method of delivery, taking into account relevant regulatory and corporate governance developments.

The Remuneration Committee is authorised to seek any information it requires in order to perform its duties and obtain external legal or other professional advice that it considers necessary from time to time.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the members of Billington Holdings Plc.

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Billington Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated cash flow statement, the Parent company statement of financial position, Parent company statement of changes in equity, notes forming part of the Group financial statements and notes forming part of the Parent company financial statements, including a summary of principal accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 group and the parent 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 as applied to listed entities, 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £252,000, which represents 0.3% of the group's revenue.

Parent Company: £101,000, which represents 0.5% of the parent company's total assets.

Key audit matters were identified as:

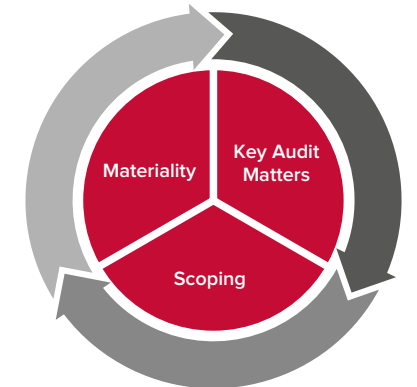
- Inappropriate recognition of revenue (Group) - same as previous year; and
- Going concern (Group) - same as previous year.

Our auditor's report for the year ended 31 December 2020 did not include any key audit matters that have not been reported as key audit matters in our current year's report.

We have performed an audit of the financial statements of components using component materiality (full scope audit) on the financial statements of Billington Holdings plc and two directly held trading subsidiaries; specific-scope audit procedures on two directly held trading subsidiaries; and analytical procedures on one directly held trading subsidiary.

90% of the group's revenue and 92% of the group's total asset balance were subject to full scope audit.

All audit work was performed by the group engagement team.

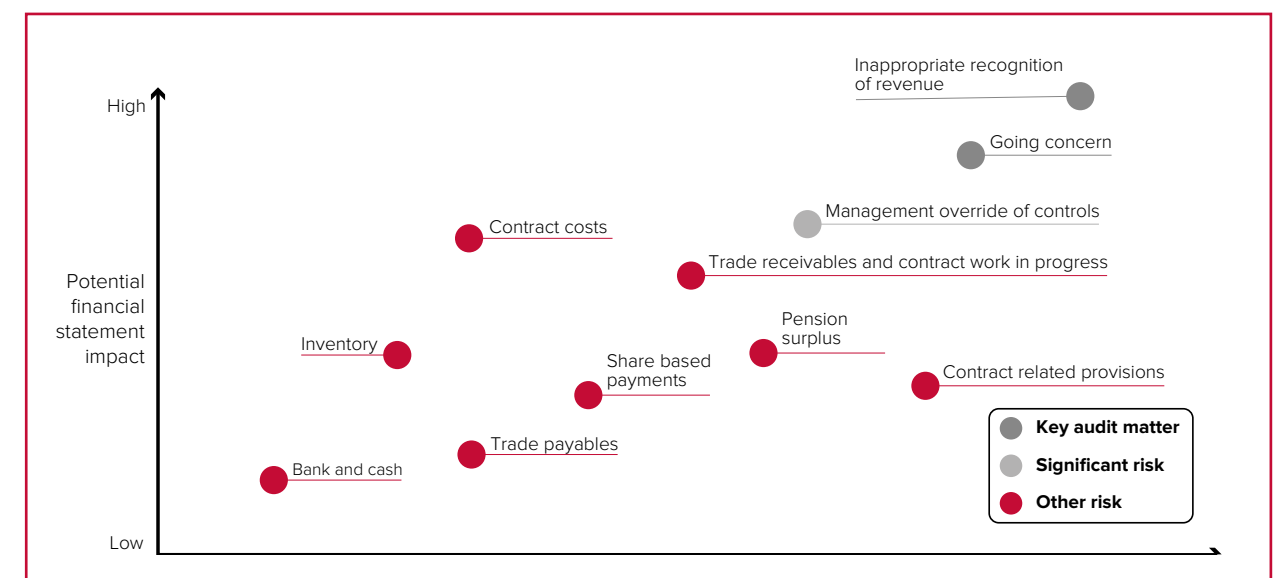


Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter - Group	How our scope addressed the matter – Group
<p>Inappropriate recognition of revenue</p> <p>We identified inappropriate recognition of revenue in relation to construction contracts as one of the most significant assessed risks of material misstatement due to fraud.</p> <p>Under International Standard on Auditing (ISA 240) ‘The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements’, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>The group has entered into construction contracts which span the 31 December 2021 year end with varying terms and degrees of complexity, generating revenue ‘over time’.</p> <p>There is a risk of fraudulent or erroneous recording of revenue by allocating incorrect amounts of consideration and/or incorrectly assessing the stage of completion for a contract.</p> <p>We pinpointed the significant risk in respect of revenue arising in the open elements of the construction contracts, which are subject to manual adjustment around the year end.</p> <p>Management’s assessment includes a number of estimates:</p> <ul style="list-style-type: none"> • Estimated total contract costs; • Estimated stage of completion derived from the total contract costs; and • Forecasted margin which is also derived from total contract costs. 	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • Documented and assessed the design and implementation of controls around the recognition of revenue; • Evaluated the revenue recognition accounting policies for consistency with IFRS 15 ‘Revenue from Contracts with Customers’, with reference to key judgements made by management in the period, and ensured that these judgements are valid; • Tested management’s IFRS 15 assessment of performance obligations and recording of consideration across a sample of contracts to determine whether there is an indication of bias in the amount of consideration recognised by obligation or that there is an error in the performance obligations identified; • Challenged management’s total expected costs to gain assurance that revenue had been recognised correctly. We have compared costs expected with post period end results and tested a sample of forecasted costs to supporting evidence such as purchase orders and supplier quotations; • Tested the historical accuracy of forecasting by comparing final results of completed contracts to original forecasts; • Tested a sample of contracts held by the Group and recalculated the revenue that should have been recognised and revenue that should have been accrued/deferred in the period; and • Recalculated the period-end deferred income balance, and performed procedures on a sample basis to ensure deferred income was complete and accurate.

Relevant disclosures in the Annual Report and Accounts 2021

- Financial statements (Group): Principal accounting policies, significant management judgements and estimates in applying accounting policies, construction contract revenue.
- Financial statements (Group): Note 2, Revenue and profit before tax.

Our results

Based on our audit work addressing the risk of inappropriate recognition of revenue, we are satisfied that the assumptions made by management in recognising revenue were appropriate and in accordance with, the financial reporting framework, including IFRS 15.

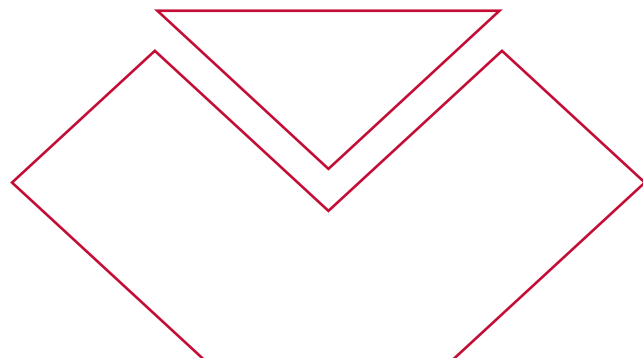
Key Audit Matter – Group and parent company	How our scope addressed the matter – Group and parent company
<p>Going concern</p> <p>We identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> <p>Covid-19 and Brexit are two of the most significant economic events for the UK, and at the date of this report there is an unprecedented level of uncertainty as to the ultimate impact of these events on the group and the parent company, given the construction sector within which they operate. In addition to this the sector along with the wider UK economy has encountered significant price increases which can impact the group where they have fixed price contracts with customers.</p> <p>In undertaking their assessment of going concern for the group and the parent company, the directors considered the impact of Covid-19, Brexit and materials price inflation in their forecast future performance of the group and the parent company.</p> <p>As a result of the current macro-economic environment, there is significantly more judgment applied in developing cash flow forecasts. The assumptions subject to the most judgment include:</p> <ul style="list-style-type: none"> • rising steel and metal prices with fixed term contracts; • the current financing available to the group and ability to meet associated debt covenants; and • the strong order book at the year end, which is a substantial proportion of the 2022 budgeted turnover. <p>The directors have concluded, based on the various scenarios developed, that the group and the parent company have sufficient resources available to meet their liabilities as they fall due for the forecast period to April 2023, and have concluded that there are no material uncertainties that may cast significant doubt over the group’s and the parent company’s ability to continue as a going concern.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of how management prepared their base case and sensitised forecasts for the period to April 2023; • Assessed the accuracy of management’s forecasting by comparing the reliability of past forecasts to management’s actual results, and considering whether management’s historic forecasting accuracy impacts upon the reliance we can place upon the forecasts provided; • Obtained an understanding of key trading, balance sheet and cash flow assumptions and tested those key assumptions to underlying historical financial data, post period end trading information, contracts awarded and market analysis data; • Assessed the terms of the external debt and correspondence with the debt holders and challenged management’s assessment of the availability of additional funding, where required; • Assessed the plausibility of the mitigating actions available to management to continue as a going concern if downside sensitivities were to crystallise; • Evaluated management’s worse-case forecasts and management’s consideration of the magnitude of a decline in cash that would give rise to the elimination of the headroom in the funding facilities, including performing additional sensitivity analysis to those performed by management; • Performed arithmetical and consistency checks on management’s going concern base case model; and • Assessed the adequacy of the going concern disclosures included within the financial statements. In our evaluation of the directors’ conclusions, we considered the inherent risks associated with the group’s and the parent company’s business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group’s and the parent company’s financial resources or ability to continue operations over the going concern period.

Relevant disclosures in the Annual Report and Accounts 2021

- Financial statements (Group and parent company): Principal accounting policies, Going concern
- Report of the Directors: Note 5, Going concern

Our results

We have nothing to report in addition to that stated in the ‘Conclusions relating to going concern’ section of our report.

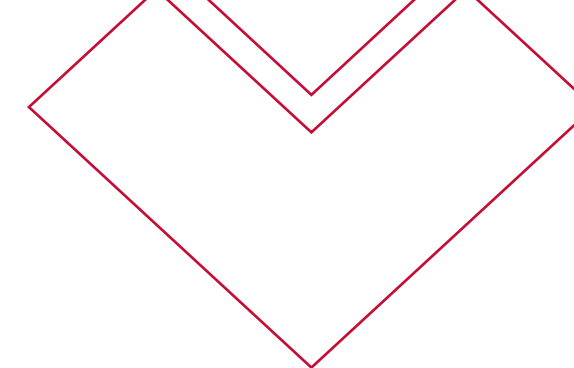
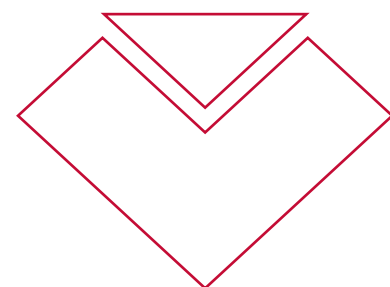


Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor’s report.

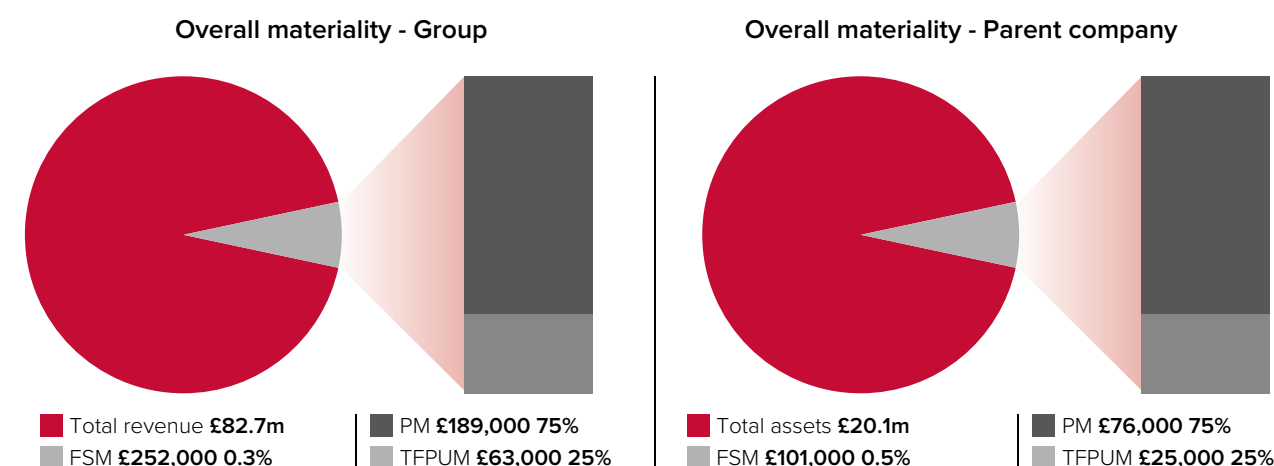
Materiality was determined as follows:

Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£252,000, which is 0.3% of the group’s revenue.	£101,000, which represents 0.5% of the parent company’s total assets.
Significant judgements made by auditor in determining the materiality	<p>In determining materiality, we made the following significant judgements:</p> <p>Revenue is considered to be the most appropriate benchmark because there is considerable volatility in profit before tax and in the variability and timing of contract completion. Revenue is also a key performance metric for the company.</p> <p>Materiality for the current year is higher than the level that we determined for the year ended 31 December 2021 to reflect the change in benchmark used to calculate materiality.</p>	<p>In determining materiality, we made the following significant judgements:</p> <p>The parent company is a holding company which has no trade, we therefore considered total assets to be the most appropriate benchmark for the company.</p> <p>Materiality for the current year is lower than the level that we determined for the year ended 31 December 2020 to reflect the year on year decrease in total assets.</p>
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£189,000, which is 75% of financial statement materiality.	£76,000, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	<p>In determining performance materiality, we made the following significant judgements:</p> <p>We assessed the the strength of the control environment, including the effect of misstatements identified in previous audits, to make our judgement.</p>	<p>In determining performance materiality, we made the following significant judgements:</p> <p>We assessed the the strength of the control environment, including the effect of misstatements identified in previous audits, to make our judgement.</p>



Materiality measure	Group	Parent Company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality threshold	<p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> • Directors remuneration • Related party transactions 	<p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> • Directors remuneration • Related party transactions
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£12,600 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£5,050 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- the engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level, and;
- the engagement team obtained an understanding of the effect of the group organisational structure on the scope of the audit, for example, the level of centralisation of the group control function.
- we performed walkthroughs of key areas of focus, including significant risks, in order to confirm our understanding of the control environment across the group.

Identifying significant components

- the engagement team evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined as a percentage of the group's revenues and qualitative factors, such as component's specific nature or circumstances.

Type of work to be performed on financial information of the parent and the other components (including how it addressed the key audit matters)

- the engagement team performed a full-scope audit of the financial statements of the parent company and the two directly held trading subsidiaries;
- the engagement team performed specific-scope audit procedures on two further directly held trading subsidiaries; and
- the engagement team performed analytical procedures on one further held trading subsidiary.

Performance of our audit

- both key audit matters were addressed with the full scope audits. There were no key audit matters that related directly to the parent company, Billington Holdings Plc;
- all audit procedures across all components were performed by the group engagement team in line with the scope described. There were no component teams engaged to support the primary team.

Audit approach	No. of components	% coverage total assets	% coverage revenue
Full-scope audit	3	84%	89%
Specific scope audit	2	16%	11%
Analytical procedures	1	0%	0%
Total	6	100%	100%

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

- the information given in the strategic report and the 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 the report of the directors have 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group and parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 statement of directors' responsibilities, 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 group's and the parent 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 group or the parent 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.

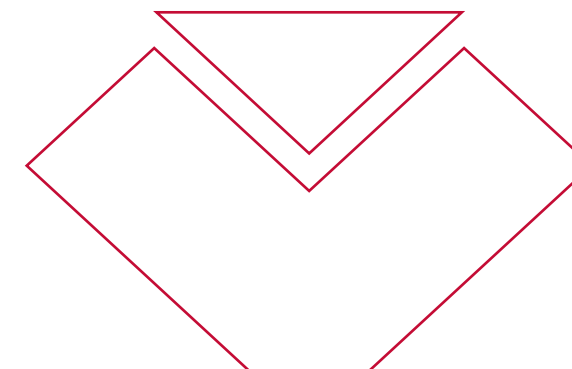
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company and determined that the most significant are those related to the reporting frameworks which are UK-adopted international accounting standards for the group financial statements, United Kingdom Generally Accepted Accounting Practice for the parent company financial statements and the Companies Act 2006, as well as the relevant tax regulations. Other legal and regulatory frameworks that are applicable to the group and parent company are health and safety employment and data protection laws.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to indications of fraud or non-compliance with laws and regulations throughout the audit.
- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected, or alleged fraud. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the group and parent company financial statements to material misstatement, including how fraud might occur by meeting with management from relevant parts of the business to understand where management considered there was a susceptibility to fraud, including evaluation of management's incentives and opportunities for manipulation of the financial statements. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts.



- Assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and
 - understanding of the legal and regulatory requirements specific to the company including:
 - the provisions of the applicable legislation;
 - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and
 - the applicable statutory provisions
- Audit procedures performed by the engagement team included:
 - evaluation of the procedures and controls established to address the risks related to irregularities and fraud; and
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identification and testing of transactions recorded by senior finance personnel; and
 - identifying and testing related party transactions, focusing specifically on those transactions outside the normal course of business where identified.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the group's and parent company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the applicable statutory provisions; and
 - the group's and parent company's control environment, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the company's compliance with regulatory requirements, the authority of, and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

Use of our report

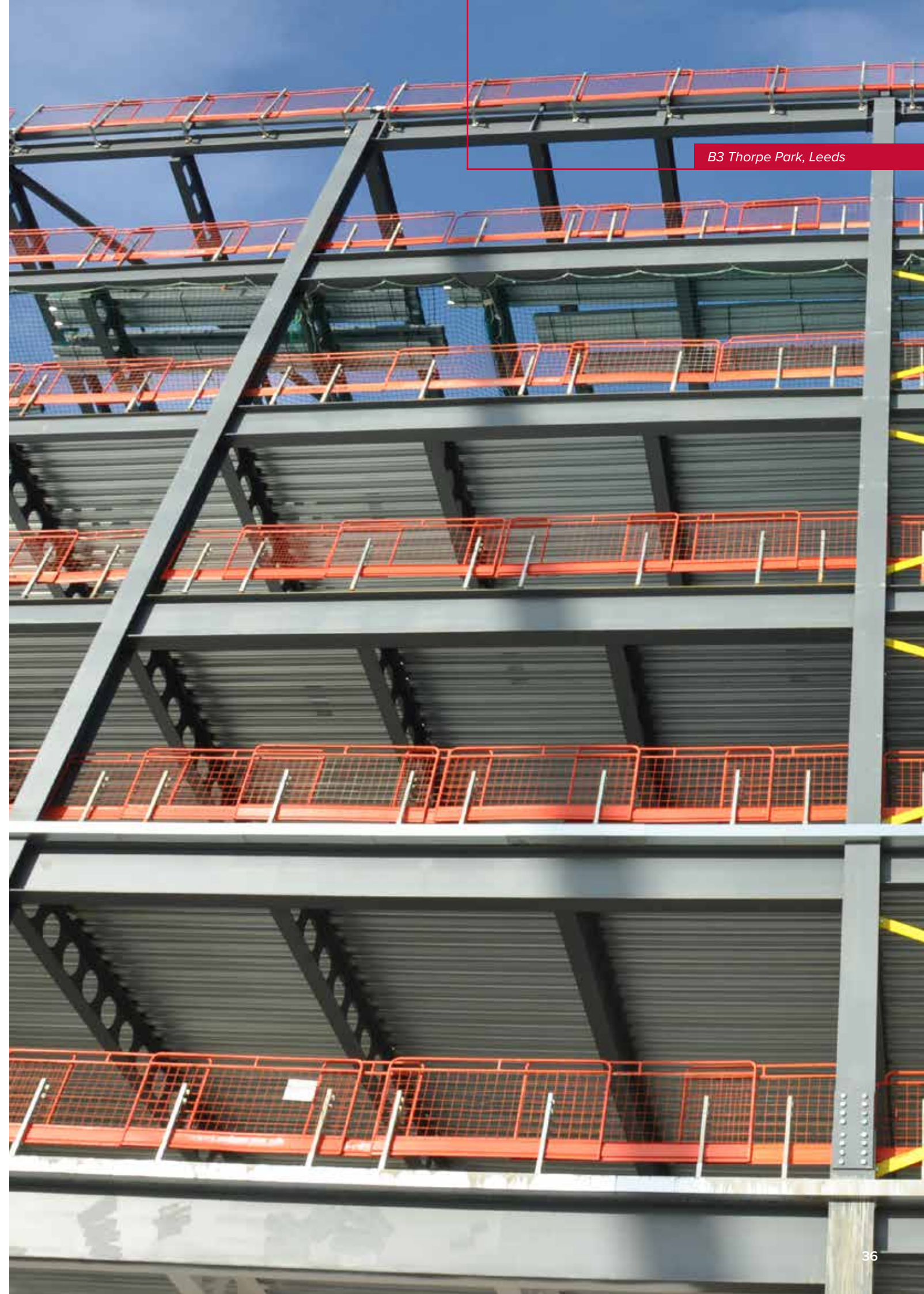
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other 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.

Victoria McLoughlin Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

25 April 2022

B3 Thorpe Park, Leeds





CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Underlying 2021 £'000	Non-Underlying 2021 £'000	Total 2021 £'000	2020 £'000
Revenue	2	82,720	-	82,720	65,955
Raw materials and consumables		(55,784)	-	(55,784)	(40,514)
Other external charges		(4,542)	-	(4,542)	(3,917)
Staff costs	3	(16,268)	-	(16,268)	(16,028)
Depreciation	2	(1,960)	-	(1,960)	(1,911)
Other operating charges		(2,827)	-	(2,827)	(1,926)
Impairment losses	2	-	(1,123)	(1,123)	-
		(81,381)	(1,123)	(82,504)	(64,296)
Operating Profit		1,339	(1,123)	216	1,659
Net finance (expense)/income	4	(37)	-	(37)	8
Profit before tax	2	1,302	(1,123)	179	1,667
Tax	5	(324)	213	(111)	(298)
Profit for the year		978	(910)	68	1,369
Profit for the year attributable to equity holders of the parent company		978	(910)	68	1,369
Earnings per share (basic and diluted)	7			0.6p	11.3p

All results arose from continuing operations.

The statement of accounting policies and notes 1 to 27 form part of these Group financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Profit for the year		68	1,369
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit surplus	23	1,023	(526)
Movement on deferred tax relating to pension liability	18	(348)	100
Other comprehensive income, net of tax		675	(426)
Total comprehensive income for the year attributable to equity holders of the parent company		743	943

The statement of accounting policies and notes 1 to 27 form part of these Group financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Assets			
Non current assets			
Property, plant and equipment	8	14,854	14,536
Pension asset	23	2,673	1,683
Investments in joint ventures	25	-	-
Total non current assets		17,527	16,219
Current assets			
Inventories	11	1,894	908
Contract work in progress	12	10,257	4,170
Trade and other receivables	13	12,216	12,876
Current tax receivable		679	260
Cash and cash equivalents	15	10,382	15,126
Total current assets		35,428	33,340
Total assets		52,955	49,559
Liabilities			
Current liabilities			
Current portion of long term borrowings	17	250	250
Trade and other payables	14	21,455	18,607
Lease liabilities	22	-	9
Total current liabilities		21,705	18,866
Non current liabilities			
Long term borrowings	16, 17	750	1,000
Deferred tax liabilities	18	1,108	476
Total non current liabilities		1,858	1,476
Total liabilities		23,563	20,342
Net assets		29,392	29,217
Equity			
Share capital	20	1,293	1,293
Share premium		1,864	1,864
Capital redemption reserve		132	132
Other components of equity		(770)	(783)
Retained earnings		26,873	26,711
Total equity		29,392	29,217

The Group financial statements were approved and authorised for issue by the Board of Directors on 25 April 2022.

Ian Lawson
Non-Executive Chairman



Trevor Taylor
Chief Financial Officer



The statement of accounting policies and notes 1 to 27 form part of these Group financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other components of equity £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020	1,293	1,864	132	(820)	25,624	28,093
Transactions with owners						
Credit relating to equity-settled share based payments	-	-	-	-	181	181
ESOT movement in year	-	-	-	37	(37)	-
Transactions with owners	-	-	-	37	144	181
Profit for the financial year	-	-	-	-	1,369	1,369
Other comprehensive income						
Actuarial losses recognised in the pension scheme	-	-	-	-	(526)	(526)
Income tax relating to components of other comprehensive income	-	-	-	-	100	100
Total comprehensive income for the year	-	-	-	-	943	943
At 31 December 2020	1,293	1,864	132	(783)	26,711	29,217

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other components of equity £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021	1,293	1,864	132	(783)	26,711	29,217
Transactions with owners						
Dividends (note 6)	-	-	-	-	(515)	(515)
Debit relating to equity-settled share based payments	-	-	-	-	(53)	(53)
ESOT movement in year	-	-	-	13	(13)	-
Transactions with owners	-	-	-	13	(581)	(568)
Profit for the financial year	-	-	-	-	68	68
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	1,023	1,023
Income tax relating to components of other comprehensive income	-	-	-	-	(348)	(348)
Total comprehensive income for the year	-	-	-	-	743	743
At 31 December 2021	1,293	1,864	132	(770)	26,873	29,392

The Group retained earnings reserve includes a surplus of £2,005,000 (2020 - £1,363,000) relating to the net pension surplus (note 23).

The statement of accounting policies and notes 1 to 27 form part of these Group financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Group profit after tax		68	1,369
Taxation paid		(246)	(844)
Interest received		21	41
Depreciation on property, plant and equipment	8	1,960	1,911
Share based payment charge (credit)/charge		(53)	181
Profit on sale of property, plant and equipment		(221)	(274)
Taxation charge recognised in income statement		111	298
Net finance expense/(income)		37	(8)
(Increase)/decrease in inventories and contract work in progress		(7,073)	3,264
Decrease/(increase) in trade and other receivables		660	(5,526)
Increase/(decrease) in trade and other payables		2,848	(826)
Net cash flow from operating activities		(1,888)	(414)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,351)	(2,216)
Proceeds from sale of property, plant and equipment		294	294
Net cash flow from investing activities		(2,057)	(1,922)
Cash flows from financing activities			
Interest paid		(25)	(37)
Proceeds of bank and other loans		-	1,250
Repayment of bank and other loans		(250)	(1,500)
Capital element of leasing payments		(9)	(107)
Dividends paid	6	(515)	-
Net cash flow from financing activities		(799)	(394)
Net decrease in cash and cash equivalents		(4,744)	(2,730)
Cash and cash equivalents at beginning of period		15,126	17,856
Cash and cash equivalents at end of period	26	10,382	15,126

The statement of accounting policies and notes 1 to 27 form part of these Group financial statements.

PRINCIPAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out below which comply with UK-adopted international accounting standards and are effective from 1 January 2021. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

The financial position of the Group, its continued positive underlying trading performance in 2021 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2022.

The Group has a gross cash balance of £10.4 million at 31 December 2021 and no significant long-term borrowings or commitments.

The Directors have prepared forecasts covering the period to April 2023 and approved by the Board in March 2022. Whereas restrictions are easing within the UK and the construction industry output increases there remains some residual uncertainty as to the future impact on the Company of Covid-19. The residual uncertainty has been separately considered as part of the Directors' consideration of the going concern basis of preparation.

The success of the vaccine roll out programme, combined with the continued easing of restrictions, provides an increased degree of confidence moving into 2022. Industry projections (issued in January 2022) indicate that output increased 16.8% in 2021 and a further 10.5% anticipated in 2022. Furthermore, the current order book secured for 2022 allows the Group to look forward with an increasing degree of optimism.

Material price volatility and availability has been affected through the onset of the conflict in Ukraine. The Company's primary input materials relating to contracts are that of steel sections and plate. The Company has sought to agree fixed prices with its suppliers and forward purchase sufficient quantity of these materials to provide certainty the Company is able to meet its contractual obligations.

The Directors expect that the Group has sufficient resources to enable it to continue to adopt the going concern basis in preparing the financial statements.

(a) Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after 1 January 2021

Accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

(b) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiary undertakings. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Income, expenditure, unrealised gains and intra-group balances arising from transactions within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Amounts in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred to the vendor over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

(c) Revenue

Revenue arises mainly from contracts for the design, fabrication and erection of structural steelwork. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products and services, for example for the design and construction of a steel frame, along with secondary steelwork packages and edge protection. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers in accordance with IFRS15.35 (c).

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts within trade and other payables in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either contract work in progress or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Construction of structural steelwork

The Group enters into contracts for the design, fabrication and erection of structural steel frames in exchange for a fixed fee and recognises the related revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation.

To depict the progress by which the Group transfers control of the construction to the customer, and to establish when and to what extent revenue can be recognised, the Group measures its progress towards complete satisfaction of the performance obligation by use of the input method cost-to-cost percentage of completion approach. However, in the early stages of a contract when there is uncertainty in reasonably being able to measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation, revenue is recognised only to the extent of the costs incurred until such time that the outcome of the performance obligation can be reliably measured. Revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The transaction price is measured based on the consideration specified in a contract with a customer and, where applicable, the best estimate of any consideration related to modifications to the contract, which have yet to be agreed. Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied or whether it is a modification to the existing performance obligation. This method is considered to most faithfully depict the transfer of goods and services to the customer over the life of the performance obligation.

The construction of structural steel frames normally takes 6–12 months from commencement of design through to completion of installation. As the period of time between customer payment and performance will always be one year or less, the Group applies the practical expedient in IFRS 15.63 and does not adjust the promised amount of consideration for the effects of financing.

In obtaining these contracts, the Group incurs a number of incremental costs, such as commissions paid to sales staff. As the amortisation period of these costs, if capitalised, would be less than one year, the Group makes use of the practical expedient in IFRS 15.94 and expenses them as they incur.

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. Losses are calculated and recognised using the full cost approach and are separately disclosed within trade and other payables.

Safety solutions

Revenue from the sale or hire of safety solutions for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. Invoices for goods or services transferred are due upon receipt by the customer.

For stand-alone sales of safety solutions, control transfers at the point in time the installation is complete and hand-over is signed by the customer.

In the case of asset rentals relating to the use of the Group's safety solutions products, revenue is charged to customers on a time accrual basis.

Other sales

In all other cases, revenue represents the transaction price of consideration received or receivable for goods supplied in the period, excluding VAT and other discounts. Revenue is recognised when or as the Group transfers control of the assets to the customer, which is when the customer takes undisputed delivery of the goods.

The Group does not recognise the revenue and profit attributable to claims and disputed amounts on contracts until the recovery of these amounts is considered probable and when the outcome can be estimated reliably.

(d) Property, plant and equipment

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

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation is calculated to write off the cost of property, plant and equipment (other than freehold land and assets under construction) less estimated residual value by equal annual instalments over their expected useful lives. The expected useful lives and material residual value estimates are updated as required, but at least annually.

The rates applicable are:

Freehold and long leasehold property	2% to 4%
Plant, equipment and vehicles	5% to 40%

Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

(e) Inventories

Inventories are valued at the lower of cost, including applicable overheads, and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula.

(f) Contract work in progress

Contract work in progress represents when the Group satisfies a performance obligation before it receives the consideration. The Group recognises either work in progress or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before consideration is due. A receivable is usually recognised once works are certified by a customer.

(g) Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is

generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (ie actuarial gains and losses) in which case the related deferred tax is also recognised in other comprehensive income.

(h) Retirement benefits

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

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that benefits are already vested the Group recognises past service cost immediately.

Actuarial gains and losses are recognised immediately in other comprehensive income. The gross surplus or deficit is presented on the face of the statement of financial position. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost, past service cost and costs from settlements and curtailments are charged against other operating charges. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance income/costs.

Short-term employee benefits, including holiday entitlement, are included in current pension and other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

(i) Leased assets

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Recognition and derecognition

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been separately disclosed.

(j) Employee Share Ownership Trust (ESOT)

The Group's Employee Share Ownership Trust ("ESOT") is a separately administered trust. The assets of the ESOT comprise shares in the Company and cash. The assets, liabilities, income and costs of the ESOT have been included in the consolidated financial statements as the Group exercises control over the ESOT in accordance with the terms of the trust deed. The shares in the Company are included at cost to the ESOT and deducted from equity. Dividend income is excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed. When calculating earnings per share these shares are treated as if they were cancelled. The charge relating to share options is determined using the Black-Scholes model to ascertain the fair value of the granted options. Details of the charge through the Consolidated Income Statement can be seen in notes 3 and 10 of the Group financial statements.

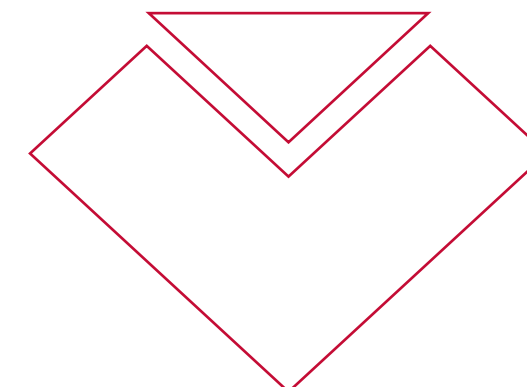
(k) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All foreign exchange differences are dealt with through the income statement, unless subject to hedging arrangements.

(l) Joint ventures

Joint ventures are entities over which the Group holds a contractual share of joint control. The Group financial statements incorporate joint ventures under the equity method of accounting, supplemented by additional disclosures.

The Group's share of the profits, losses, finance income, finance cost and taxation of joint ventures are included in the Group income statement. The Group balance sheet includes the investment in joint ventures at the Group's share of net assets.



(m) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are recognised initially at fair value plus transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract work in progress recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is not dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract work in progress

Trade receivables are initially measured at the transaction price upon inception.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract work in progress and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 19 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL) except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

(o) Dividends

Dividend distributions payable to equity shareholders are included in "trade and other payables" when the dividends are approved in general meeting prior to the balance sheet date, and are debited direct to equity within retained earnings.

(p) Equity

Equity comprises the following:

"Called up share capital" represents the nominal value of equity shares.

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

"Capital redemption reserve" represents the purchase cost of shares repurchased by the Group in 1998

"Other components of equity" represents the purchase cost of the shares held within the Employee Share Ownership Trust (ESOT) and the cash flow hedge reserve (see note 20).

"Retained earnings" represents retained profit, and gains and losses due to the revaluation of certain property, plant and equipment prior to the implementation of IFRS.

(q) Government grants

Government grant income is recognised at the point that there is reasonable assurance that the Group will comply with the conditions attached to it and that the grant will be received. During the prior year Coronavirus Job Retention Scheme ('CJRS') income has been received and accounted for under the IAS 20 grants relating to income approach. Grant income is included within other operating charges in the profit and loss.

(r) Segmental reporting

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group. The disclosure is based on the information that is presented to the chief operating decision maker, which is considered to be the executive board of Billington Holdings Plc. There have been no changes from prior periods in the measurement methods used to determine segment profit or loss.

(s) Standards and Interpretations objectives in issue not yet effective

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

(t) Significant management judgements in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements. Critical estimation uncertainties are described below.

Construction contract revenue and overall contract outcome

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 performance obligations satisfied. In identifying the performance obligations satisfied, management rely on the knowledge and experience of the Group's quantity surveyors. Further information on the Group's accounting policy for construction contracts is provided in policy c.

When assessing the likely financial outcome of a project the assessment is made at a point in time using all the information available to management to arrive at a probable outcome. The financial assessment of a project can be subject to material movements as the contract progresses and additional information becomes available.

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.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in note 8.

The useful economic life of assets utilised by the Company is assessed using the specialist knowledge within the business. Some of the Company's machinery and hire assets are bespoke and unique to the Company and therefore judgement is applied when the useful economic life is assessed.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence of market value available at the times the estimates are made.

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 is based on standard rates of inflation and appropriate mortality tables. It also takes into account the Group'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.

An estimation has been made for the impact of the equalisation of GMP following the outcome of the Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc (and others) court case. While further information as to the impact remains unavailable, management have included a provision further to the specialist advice received. The impact is not material to these financial statements.

The defined benefit pension scheme was closed to future accrual in 2011.

(u) Capital management policies and procedures

Billington Holdings' capital management objectives are to ensure the Group's ability to continue as a going concern and provide an adequate return to shareholders.

The Group and subsidiary companies' Boards meet regularly to review performance and discuss future opportunities and threats with an aim to maximising return and minimising risk.

The Group monitors capital as the carrying amount of equity less cash and cash equivalents as set out on the face of the balance sheet. There are no covenants in place over the capital ratio to be maintained.

(v) Non-underlying items

Non-underlying items have been separately identified to provide a better indication of the Group's underlying business performance. They are not considered to be 'business as usual' items and have a varying impact on different businesses and reporting periods.

Non-underlying items are presented as a separate column within their related consolidated income statement category. Their separate identification results in the calculation of an underlying profit measure in the same way as it is presented and reviewed by management.

Items that may give rise to classification as non-underlying are any significant items that are considered one-off and non-recurring.

The board believes that non-underlying items should be separately identified on the face of the income statement to assist in understanding the underlying performance of the Group. Their separate identification results in the calculation of an underlying profit measure, which is the same as that presented and reviewed by management. Accordingly, certain alternative performance measures ('APMs') have been used throughout this annual report to supplement rather than replace the measures provided under IFRS.



National Space Centre, Leicester

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Segmental information

The Group trading operations of Billington Holdings Plc are in Structural Steelwork and Safety Solutions, and all are continuing. The Structural Steelwork segment includes the activities of Billington Structures Limited and Peter Marshall Steel Stairs Limited, and the Safety Solutions segment

includes the activities of Easi-Edge Limited and Hord-it Limited. The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are shown in Other. All assets of the Group reside in the UK.

	Structural steelwork £'000	Safety solutions £'000	Central £'000	Total £'000
31 December 2021				
Segment revenues	73,960	8,760	-	82,720
Raw materials and consumables	(52,948)	(2,836)	-	(55,784)
Other external charges	(3,261)	(1,281)	-	(4,542)
Staff costs	(13,008)	(1,623)	(1,637)	(16,268)
Depreciation	(663)	(1,023)	(274)	(1,960)
Other operating charges	(4,096)	(756)	2,025	(2,827)
Segment operating profit/(loss) - underlying	(16)	1,241	114	1,339
Impairment losses - non-underlying	(1,123)	-	-	(1,123)
Segment operating profit/(loss)	(1,139)	1,241	114	216
31 December 2020				
Segment revenues	58,591	7,364	-	65,955
Raw materials and consumables	(38,534)	(1,980)	-	(40,514)
Other external charges	(2,748)	(1,169)	-	(3,917)
Staff costs	(12,811)	(1,612)	(1,605)	(16,028)
Depreciation	(636)	(972)	(303)	(1,911)
Other operating charges	(3,475)	(389)	1,938	(1,926)
Segment operating profit	387	1,242	30	1,659

2. Revenue and profit before tax

Revenue and profit before tax are attributable to the Group's continuing operations. Two customers included within the structural steel sector accounted for greater than 10% of the Group's revenue. The contractors accounted for 14% and 10% respectively (2020: two contractors greater than 10% with 15% and 11% respectively)

of Group revenue. One of contractors with revenue of greater than 10% in 2020 is also one of the customers with revenue of greater than 10% in 2021. Revenue from contracts with customers and from hire revenue is recognised over time and revenue from other sources is recognised at a point in time.

Analysis of revenue (excluding movement in work in progress):

	Structural Steelwork		Safety Solutions		
	Contracts with customers £'000	Other sources of revenue £'000	Hire revenue £'000	Other sources of revenue £'000	Total £'000
31 December 2021					
United Kingdom	71,845	2,115	6,055	2,705	82,720
	71,845	2,115	6,055	2,705	82,720
31 December 2020					
United Kingdom	52,632	1,887	5,183	2,181	61,883
Europe	4,072	-	-	-	4,072
	56,704	1,887	5,183	2,181	65,955

Information about contract balances

	2021 £'000	2020 £'000
Contract work in progress	11,215	4,170
Contract work in progress - impairment losses	(958)	-
Contract receivables	8,454	9,830
Contract receivables - impairment losses	(242)	(235)
Contract liabilities	(2,052)	(1,939)

Combined contract work in progress and contract receivables have increased due to increased workload at the year end and timing of contracts with a significant amount of advanced steel purchased. Contract liabilities have increased due to the timing of contract progress at the year end and the performance obligations not yet satisfied at that point.

Included within contract liabilities at the beginning of the financial year was £1,939,000 of which £1,939,000 has been recognised as revenue for the year ended 31 December 2021.

There was no revenue recognised in the reporting period from performance obligations satisfied or partially satisfied in previous periods.

Information about performance obligations and significant judgements

Contracts with customers are typically for the construction of structural steelwork. These contracts typically conclude within twelve months of commencement, with obligations to make good generally lasting until a building is handed over by the main contractor. Revenue is recognised over time upon completion of performance obligations, evidence of the satisfaction of which is provided by certifications or cash payments received directly from the client or by measure of costs incurred.

Profit before tax is stated after:

	2021 £'000	2020 £'000
An analysis of fees paid to the Group's auditor		
Fees payable to the parent Company's auditor for the audit of the Company's annual accounts	55	37
Fees payable to the Company's auditor for other services:		
the audit of the Company's subsidiaries	60	41
the audit of the company's subsidiaries - non-reoccurring	30	-
tax compliance	6	11
other services	-	1
Depreciation	1,960	1,911
Foreign exchange (gains)/losses	92	(207)
Government grants - CJRS	-	(730)
Profit on disposal of property, plant and equipment	(221)	(274)

The non-underlying item separately identified on the face of the income statement in the current year is a one-off significant impairment loss of £1,123,000 against a trade receivables and contract work in progress due to a customer entering administration.

3. Staff costs

Staff costs during the year including Directors:

	2021 £'000	2020 £'000
Wages and salaries	14,343	13,917
Social security	1,408	1,378
Pension costs	570	552
Share-based payments	(53)	181
	<u>16,268</u>	<u>16,028</u>

The average number of production employees of the Group during the year was 183 (2020 - 185).

The average number of administration employees of the Group during the year was 189 (2020 - 194).

Key management are only considered to be the Directors of Billington Holdings Plc and all are remunerated through this Company. Remuneration in respect of key management was as follows:

	Salary and fees £'000	Other emoluments £'000	Pension £'000	Total 2021 £'000	Total 2020 £'000
Executive					
M. Smith	249	42	18	309	280
T. M. Taylor	181	35	27	243	218
Non-executive					
I. Lawson	66	2	-	68	62
J.S. Gordon	40	1	-	41	37
S.J. Wardell	40	-	-	40	36
A. Ospelt	25	-	-	25	12
	<u>601</u>	<u>80</u>	<u>45</u>	<u>726</u>	<u>645</u>
Employer's NI				85	76
Share based payment				(13)	127
Key management personnel compensation				<u>798</u>	<u>848</u>
Short-term employee benefits				766	681
Post-employment benefits				45	40
Share-based payment				(13)	127
				<u>798</u>	<u>848</u>

Other emoluments received consist of the provision for private medical care, bonuses and motor car allowances.

During the year two Directors (2020: two Directors) exercised share options with a total gain on exercise of £42,000 (£24,000 related to the highest paid director).

During the year no Directors (2020: no Directors) participated in defined benefit pension schemes and two Directors (2020: two Directors) participated in a defined contribution pension scheme.

4. Net finance (expense)/income

	2021 £'000	2020 £'000
Payable on bank loans and overdrafts	(25)	(35)
Interest expense for leasing arrangements	-	(2)
Receivable on bank balances	21	41
Other finance (expense)/income - pension scheme (see note 23)	(33)	4
Net finance (expense)/income	<u>(37)</u>	<u>8</u>

5. Tax on profit

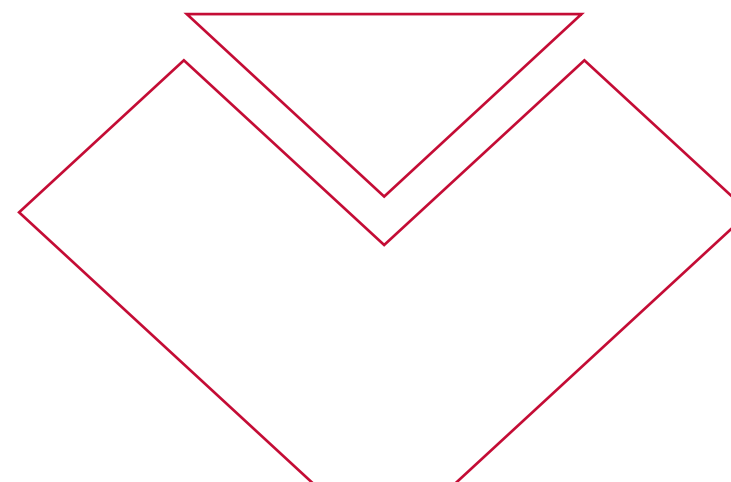
The tax charge represents:

	2021 £'000	2020 £'000
Corporation tax at 19% (2020 - 19%)	(169)	(68)
Adjustments in respect of prior years	4	-
Total current tax	(165)	(68)
Deferred tax charge at 25% (2020 - 19%)	284	364
Adjustments in respect of prior years	(8)	2
Total tax charge for the year	<u>111</u>	<u>298</u>

The tax assessed for the year is at the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%).

The differences are explained as follows:

	2021 £'000	2020 £'000
Profit before tax	179	1,667
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	34	317
Effects of:		
expenses not deductible for tax purposes	15	3
fixed asset differences	(18)	31
adjustments to tax charge in respect of prior years	(4)	2
rate differences	120	26
other adjustments	(36)	(81)
Total tax charge for the year	<u>111</u>	<u>298</u>



6. Dividends

A final dividend has been proposed in respect of 2021 of 3.0 pence per ordinary share (£388,000) (2020: 4.25 pence) per ordinary share (£550,000). As the distribution of dividends by Billington Holdings Plc requires approval at the shareholders' meeting, no liability in this respect is recognised in the consolidated financial statements.

7. Earnings per share

	Underlying 2021	Non-underlying 2021	Total 2021	2020
Earnings per share (basic and diluted)	8.1p	(7.5)p	0.6p	11.3p

Earnings per share and underlying earnings per share are calculated by dividing the profit for the year of £68,000 and underlying profit for the year of £886,000 respectively (2020: profit - £1,369,000) by 12,106,797 (2020: 12,082,548) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOT.

There is no impact on a full dilution of the earnings per share calculation as there are no potentially dilutive ordinary shares.

8. Property, plant and equipment

	Freehold property £'000	Long leasehold property £'000	Plant equipment & vehicles £'000	Assets under construction £'000	Total £'000
Cost					
At 1 January 2020	8,414	1,125	16,819	-	26,358
Additions	-	-	1,295	921	2,216
Disposals	-	-	(492)	-	(492)
At 1 January 2021	8,414	1,125	17,622	921	28,082
Additions	-	-	1,930	421	2,351
Reclassification	-	-	921	(921)	-
Disposals	-	(125)	(1,484)	-	(1,609)
At 31 December 2021	8,414	1,000	18,989	421	28,824
	Freehold property £'000	Long leasehold property £'000	Plant equipment & vehicles £'000	Assets under construction £'000	Total £'000
Depreciation					
At 1 January 2020	854	79	11,174	-	12,107
Charge for year	88	46	1,777	-	1,911
Disposals	-	-	(472)	-	(472)
At 1 January 2021	942	125	12,479	-	13,546
Charge for year	88	-	1,872	-	1,960
Disposals	-	(125)	(1,411)	-	(1,536)
At 31 December 2021	1,030	-	12,940	-	13,970
Net book value at 31 December 2021	7,384	1,000	6,049	421	14,854
Net book value at 31 December 2020	7,472	1,000	5,143	921	14,536

Freehold property includes £3,994,000 in respect of land which is not subject to depreciation. As at 31 December 2021 the long leasehold property represents land which is not subject to depreciation.

The Group has a contractual commitment to acquire plant of £1,099,000 payable in 2022. There were no other material contractual commitments to acquire property, plant and equipment at 31 December 2021 (2020: £336,000).

All the Group's freehold properties have been charged to the bank to secure bank facilities.

9. Investments

All Group companies have only ordinary shares in issue, are registered in England and Wales and have the same registered office as the parent Company.

The subsidiary undertakings and joint ventures are as follows:

	Activity	Proportion of shares held by Group %	Company %
Continuing			
Billington Structures Limited	Structural steel	100	100
Easi-Edge Limited	Safety solutions	100	100
Peter Marshall Steel Stairs Limited	Structural steel	100	100
Hoard-it Limited	Site hoarding solutions	100	100
Specialist Protective Coatings Limited	Specialist treatment applicator	100	100
Billington Fleet Management Limited	Vehicle leasing solutions	100	100
Shafton Steel Limited	Dormant	100	100
Shafton Steel Services Limited	Dormant	100	100
Tubecon Limited	Dormant	100	100
Amco Corporation Limited	Dormant	100	100
Joint ventures			
BS2 (2011) Limited	Structural steel	50	-

Specialist Protective Coatings Limited was incorporated on 21 December 2021

BS2 (2011) Limited was dissolved in the year ended 31 December 2021.



Newhurst EFW, Shepshed

10. Share based payments

The Employee Share Ownership Trust ("the Trust"/"ESOT") was established by Deed dated 14 December 2015 between Billington Holdings Plc ("the Company") and Ocorian Trustees (Jersey) Limited ("the Trustee") (previously Bedell Trustees Limited). It is an employee benefit trust established for the benefit of the bona fide employees of the Company and other Group companies ("the Beneficiaries"). The Trust is a discretionary trust whose assets at present are shares in the Company and cash, although there are wide investment powers in the hands of the Trustee, who has full power to distribute the assets as it deems fit to the Beneficiaries.

The Trust was established to allow for the participation of any Inland Revenue approved or unapproved share schemes to employees of the Group.

Administration costs amounted to £1,000 during the year (2020: £2,000).

As of 31 December 2021 the Trust held 821,330 (2020: 833,731) ordinary shares of 10p each in the capital of the company (6.35% of the allotted share capital (2020: 6.42%)). The market value of the shares in the ESOT Trusts at 31 December 2021 was £1,930,126 (2020: £2,601,241).

Dividends have been waived by the Trust.

During the year ended 31 December 2021, the Group had two share-based payment arrangements for employees, subsidiary and Group Directors (Approved ESOT and LTIP) and two share-based payment arrangements for the Group Directors (Bonus Scheme and Deferred Bonus Scheme). Under each of the arrangements 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 Group, or have left in accordance with the 'good leaver' provisions 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 ESOT.

In addition, the LTIP provides additional remuneration for those employees who are key to the operations of the Company. Vesting of the options for this scheme is also conditional on meeting agreed growth targets (non-market performance conditions).

	Number of shares 2021 No.	2020 No.	Weighted average exercise price 2021 £	2020 £
Brought forward at 1 January	514,395	424,705	0.43	1.54
Granted	-	234,446	-	-
Exercised	(12,401)	(144,256)	-	3.03
Lapsed	(27,417)	(500)	3.03	3.03
Outstanding at 31 December	474,577	514,395	0.29	0.43
Exerciseable at 31 December	53,914	73,447	2.56	3.03

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. The following inputs were used:

Scheme	Approved ESOT	LTIP 2019	LTIP 2020
Date of Grant	18 January 2016	19 August 2019	23 December 2020
Share price at date of grant	303p	290p	295p
Weighted average exercise price	263p	nil	nil
Expected volatility	25.0%	n/a	n/a
Expected dividends	Nil	Nil	Nil
Risk free rate	1.5%	n/a	n/a
Expected option life	3 years	3 years	3 years

The underlying volatility was determined by reference to historical data of the Company's shares over a period of time since its flotation. No special features inherent to the options granted were incorporated into measurement of fair value.

The total credit for the year was £53,000 (2020: charge of £181,000).

11. Inventories

	2021 £'000	2020 £'000
Raw materials	1,894	908

Raw materials and consumables recognised as an expense in the Income Statement for the year ended 31 December 2021 totalled £55,784,000 (2020: £40,514,000).

The provision against the value of raw materials at the balance sheet date was £115,000 (2020: £77,000).

No reversal of previous write-downs was recognised as a reduction of expense in 2021 or 2020. None of the inventories are pledged as securities for liabilities.

12. Contract work in progress

	2021 £'000	2020 £'000
Contract work in progress	10,257	4,170

The provision against contract work in progress at the balance sheet date was £958,000 (2020: £nil).

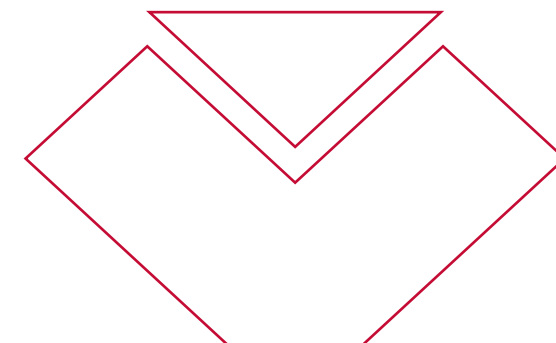
13. Trade and other receivables

	2021 £'000	2020 £'000
Amounts due from customers:		
- Trade receivables	8,394	8,789
- Retentions due within one year	1,667	2,921
- Retentions due after one year	284	189
Total	10,345	11,899
Other receivables	889	86
Derivative financial instruments (note 19)	-	15
Prepayments and accrued income	982	876
	12,216	12,876

Detailed disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses are in note 19. Certain trade receivables were found to be impaired and a loss allowance for lifetime credit losses of £542,000 (2020: £441,000) has been recorded accordingly. The amount debited to the consolidated income statement for the year in relation to expected credit losses was £126,000 (2020: £2,000).

The movement in the expected lifetime credit losses for trade receivables can be reconciled as follows:

	2021 £'000	2020 £'000
Balance at 1 January	441	501
Impairment loss	126	(2)
Receivables written off during the year	(25)	(58)
Balance at 31 December	542	441



14. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	14,539	7,351
Social security and other taxes	620	3,029
Other payables	151	121
Contract liabilities	2,052	1,939
Contract losses	462	1,850
Accruals	3,631	4,317
	<u>21,455</u>	<u>18,607</u>

A prior year balance of £4,476,000 included within trade payables has been reclassified and is now presented within contract liabilities (£1,939,000), contract losses (£1,850,000) accruals (£2,687,000) to more accurately reflect the nature of the balances.

The opening contract losses as at 31 December 2021 was £1,850,000. During the year, additional losses of £2,853,000 were recorded, with £3,505,000 of losses utilised during the year and £735,000 of losses reversed during the year, resulting in closing contract losses balance of £462,000 as at 31 December 2021. The construction of structural steel frames normally takes 6–12 months from commencement of design through to completion of installation and therefore most losses are fully utilised in the year in which they are created. The contract losses have all substantially been utilised within 3 months of the balance sheet date.

15. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	10,382	5,126
Short term deposits	-	10,000
	<u>10,382</u>	<u>15,126</u>

16. Long term borrowings

	2021 £'000	2020 £'000
Property loans (note 17)	1,000	1,250
	<u>1,000</u>	<u>1,250</u>

17. Property loans

	2021 £'000	2020 £'000
Loans at commercial rates -		
due within one year	250	250
repayable within five years	750	1,000
	<u>1,000</u>	<u>1,250</u>

The bank loan is secured by way of first legal mortgage over certain freehold properties of the Group. The loan is for a five year term and interest is payable at 2% over bank base rate.

18. Deferred tax liability

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 25% (2020: 19%).

	2021 £'000	2020 £'000
Deferred liability recognised in income statement		
At 1 January	(156)	199
Charged in the year	(284)	(355)
At 31 December	<u>(440)</u>	<u>(156)</u>
Accelerated capital allowances	(623)	(299)
Other temporary differences	183	143
	<u>(440)</u>	<u>(156)</u>
Deferred tax liability recognised in other comprehensive income		
Pension surplus	(668)	(320)
Total deferred tax liability	<u>(1,108)</u>	<u>(476)</u>

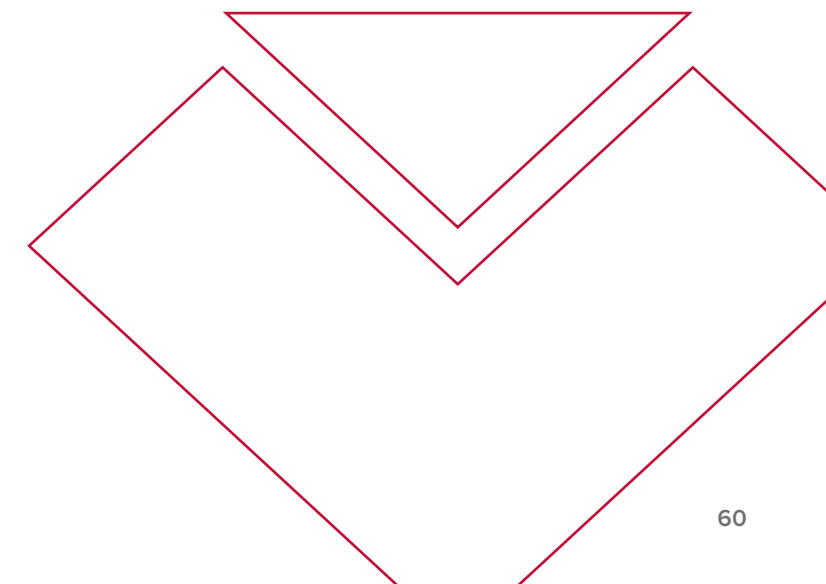
The recoverability of the deferred tax asset is dependent on future taxable profits. Group companies are budgeted to make profits in the next few years which supports the recognition of these assets. There are no unrecognised deferred tax assets.

Movements on the deferred tax liability 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.

At the 2020 Budget, the UK Government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. At the 2021 Budget, the UK Government announced Corporation Tax main rate would increase to 25% from 1 April 2023.



Littlebrook Power Station, Dartford



19. Financial assets and liabilities

Categories of financial assets and financial liabilities

The accounting policies for each category of financial assets and financial liabilities, and a description of each, can be found in the accounting policies.

The carrying amounts of financial assets and financial liabilities are equal to the fair value and are as follows:

31 December 2021	Amortised cost £'000	FVTPL £'000	Total £'000
Current financial assets			
Trade and other receivables	11,234	-	11,234
Cash and cash equivalents	10,382	-	10,382
	21,616	-	21,616
Liabilities			
Trade and other payables	14,690	-	14,690
Non-current borrowings	750	-	750
Current borrowings	250	-	250
	15,690	-	15,690
31 December 2020	Amortised cost £'000	FVTPL £'000	Total £'000
Current financial assets			
Trade and other receivables	12,000	-	12,000
Derivative financial instruments	-	15	15
Cash and cash equivalents	15,126	-	15,126
	27,126	15	27,141
Liabilities			
Trade and other payables	7,472	-	7,472
Lease liabilities	9	-	9
Non-current borrowings	1,000	-	1,000
Current borrowings	250	-	250
	8,731	-	8,731

Derivative financial instruments

The Group's derivative financial instruments are measured at fair value and are summarised below:

	2021 £'000	2020 £'000
EUR time-option forward contracts	-	15
Derivative financial assets	-	15

The Group uses certain derivative financial instruments to mitigate foreign exchange rate exposure arising from forecast sales in Euros. The Group's policy is to hedge 100% of all contracted future sales in Euros.

As at 31 December 2020 the Group had an open forward exchange contract to sell EUR 2,000,000. The contract is a time-option that matured on 1 February 2021 and the forward rate of the contract is 1.104539. The fair value of the contract as at 31 December 2020 was £14,834. The Group has no open forward exchange contracts as at 31 December 2021.

The forward exchange contract is considered by management to be part of economic hedge arrangements but has not been formally designated as such. Therefore a gain of £15,000 has been recognised in the profit and loss account during the prior year.

Financial instruments risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are foreign currency risk, market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

The Group enters into derivatives, principally for hedging foreign exchange risk. Associated disclosures relating to hedge accounting are included above.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Group's transactions are carried out in GBP. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Euros.

To mitigate the Group's exposure to foreign currency risk, non-GBP cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions. Hedge accounting disclosures are included above.

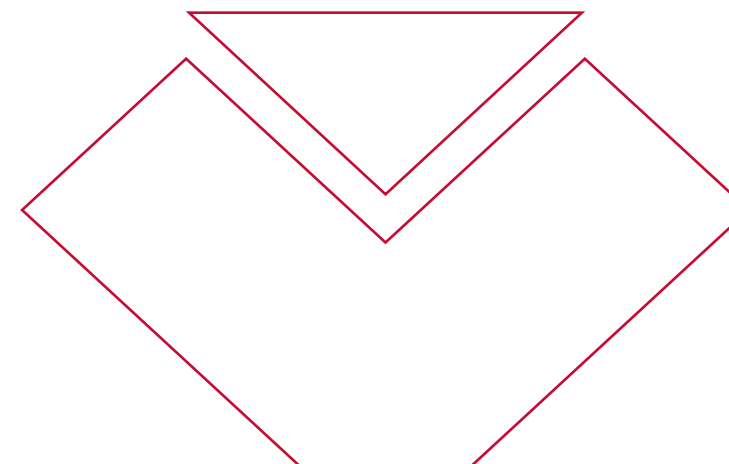
At the balance sheet date, there were no contracted non-GBP sales. Therefore there was no exposure to currency risk or sensitivity of profit and equity in regard to the exchange rate.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing where commercially viable. At 31 December 2021, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2020: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2021	(10)	10	(10)	10
31 December 2020	(13)	13	(13)	13



Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, credit insurance is obtained on all customers across the Group. External credit ratings and/or reports on customers are also obtained and used. The Group's policy is to deal only with credit worthy counterparties. Where credit insurance is not obtainable for a specific customer, trade is only permissible following Director approval. Exposure is monitored on an ongoing basis. The credit terms range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Security

Trade receivables consist of a large number of customers in various industries, predominantly although not exclusively construction, and geographical areas. The Group does not hold any security on the trade receivables balance.

In addition, the group does not hold collateral relating to other financial assets (eg derivative assets, cash and cash equivalents held with banks).

Trade receivables

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 December 2021 and 1 January respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (ie derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst others are considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as at 31 December 2021 was determined as follows:

	Current	Trade receivables days past due			Total
		More than 30 days	More than 60 days	More than 90 days	
Expected credit rate loss	1%	19%	18%	75%	6%
Gross carrying amount (£'000)	7,879	632	288	137	8,936
Lifetime expected credit loss (£'000)	263	122	53	104	542

The closing balance of the of the trade receivables loss allowance as at 31 December 2021 reconciles with the trade receivables loss allowance opening balance as follows:

	£'000
Opening loss allowance as at 1 January 2021	441
Loss allowance recognised during the year	126
Receivables written off during the year	(25)
Loss allowance as at 31 December 2021	542

Liquidity risk

As at 31 December 2021 the Group's financial liabilities have contractual maturities (including interest payments where applicable) which are summarised below:

	Current within six months £'000	Current six to twelve months £'000	Between one and five years £'000
31 December 2021			
Trade payables	14,539	-	-
Other payables	151	-	-
Property loans	136	134	780
	14,826	134	780

This compares to the maturity of financial liabilities for the Group in the previous reporting period which was as follows:

	Current within six months £'000	Current six to twelve months £'000	Between one and five years £'000
31 December 2020			
Trade payables	7,351	-	-
Other payables	121	-	-
Lease liabilities	9	-	-
Property loans	125	125	1,000
	7,606	125	1,000

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs through the close control, monitoring and forecasting of cash inflows and cash outflows. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. Management believe that levels of cash reserves and available headroom are sufficient to meet the Group's needs over its forecast period.

20. Equity

Called up share capital

	2021		2020	
	No. of shares	£'000	No. of shares	£'000
Authorised				
Ordinary shares of 10p each	27,500,000	2,750	27,500,000	2,750
Allotted and fully paid				
Ordinary shares of 10p each	12,860,959	1,286	12,860,959	1,286
"A" ordinary shares of 10p each	73,368	7	73,368	7
	12,934,327	1,293	12,934,327	1,293

Both classes of share rank pari passu in all respects.

Details of Company share options outstanding at 31 December 2021 and treasury shares held by the ESOT are given in note 10.

Other components of equity

The details of other components of equity are as follows:

	ESOT £'000	Cash flow hedges £'000	Total £'000
At 1 January 2020	(820)	-	(820)
ESOT movement in year	37	-	37
At 31 December 2020	(783)	-	(783)
At 1 January 2021	(783)	-	(783)
ESOT movement in year	13	-	13
At 31 December 2021	(770)	-	(770)

21. Ultimate controlling related party

At the year end, the Directors considered that the Company had no ultimate controlling party.

22. Leases

The balance sheet shows the following amounts relating to leases:

Right of use assets included within property, plant and equipment

	2021 £'000	2020 £'000
Property	-	-
Cars	-	8
	-	8

Lease liabilities

	2021 £'000	2020 £'000
Current	-	9
Non-current	-	-
	-	9

There were no additions to right of use assets during the year.

The Group leased one property and various cars during the year. The property lease expired during the prior year and all car leases expired during the current year and were replaced by the Group by purchase of assets rather than leasing. The Group is not exposed to any significant future cash outflows that are not reflected in the measurement of the lease liabilities. The lease agreements do not impose any covenants.

The statement of profit or loss shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Depreciation of right of use assets:		
Property	-	46
Cars	8	60
Interest expense	1	2
Expense relating to short term leases	-	-

The total cash outflow for leases for the period was £9,000 (2020: £109,000).

23. Retirement benefits

The Group operates funded pension schemes for certain employees and Directors. The total contributions to all pensions by the Group for the year was £570,000 (2020: £552,000).

Defined contribution schemes accounted for £570,000 (2020: £552,000) of this amount with £nil (2020: £nil) relating to a defined benefit scheme, where the benefits are based on final pensionable pay.

The defined benefit scheme is legally separated from the Group 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 Group 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 Group's pension scheme was carried out as at 31 March 2020 (approved 10 December 2020).

In accordance with the terms of schedule of contributions dated 10 December 2020 the Company expects to contribute approximately £nil to the defined benefit pension scheme in the year ending 31 December 2022. The next scheme funding actuarial valuation is due as at 31 March 2023. 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 Group.

The scheme exposes the Group to actuarial risk such as interest rate risk, investment risk, longevity risk and inflation risk:

Investment risk

The plan assets at 31 December 2021 are held predominantly in bonds and debt instruments. The fair value of the equity assets is exposed to the risks of movements in UK and Overseas equity markets.

Interest Rate risk

The present value of the defined benefit liabilities is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation.

A decrease in market yield on high quality corporate bonds will increase the value of the scheme's liabilities, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Longevity risk

The Group is required to provide benefits for life for the members of the scheme. The liabilities of the scheme are sensitive to unexpected changes in future mortality.

Inflation risk

Elements of the pensions in payment under the scheme are linked to inflation. An increase in the inflation rate would increase the value placed on the liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

The assets of the schemes were:

	Value at 31 December		
	2021 £'000	2020 £'000	2019 £'000
Equities - Overseas	-	-	-
Bonds - UK Government	7,838	4,690	3,338
Equity - Linked Bonds	-	2,750	2,482
Cash	27	45	31
Other	1,828	1,807	2,701
Total market value of assets	9,693	9,292	8,552
Present value of scheme liabilities	(7,020)	(7,609)	(6,347)
Surplus in the scheme	2,673	1,683	2,205
Related deferred tax liability	(668)	(320)	(375)
Net pension asset	2,005	1,363	1,830

	2021 £'000	2020 £'000
A reconciliation of the defined benefit obligation and plan assets to the amounts presented in the balance sheet for each of the reporting periods is presented below:		
Defined benefit obligation	(7,020)	(7,609)
Fair value of plan assets	9,693	9,292
	<u>2,673</u>	<u>1,683</u>

Analysis of the amount charged to other finance income:

Interest income	110	160
Interest on pension scheme liabilities	(90)	(119)
Administration cost	(53)	(37)
Total (expense)/income recognised in profit or loss	<u>(33)</u>	<u>4</u>

Analysis of amount recognised in statement of comprehensive income:

Return on plan assets (excluding amounts included in net interest)	544	827
Actuarial gains/(losses) from changes in financial assumptions	461	(968)
Actuarial gains/(losses) from changes in demographic assumptions	16	(127)
Actuarial gains/(losses) from experience differing from that assumed	2	(258)
Total gain/(loss) recognised in other comprehensive income	<u>1,023</u>	<u>(526)</u>

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

	2021 £'000	2020 £'000
At 1 January	9,292	8,552
Interest cost	110	160
Return on plan assets (excluding amounts included in net interest)	544	827
Contributions	-	-
Benefits paid	(200)	(210)
Administration costs	(53)	(37)
At 31 December	<u>9,693</u>	<u>9,292</u>

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

	2021 £'000	2020 £'000
At 1 January	(7,609)	(6,347)
Interest cost	(90)	(119)
Remeasurement - actuarial gains/(losses) from changes in financial assumptions	461	(968)
Remeasurement - actuarial gains/(losses) from changes in demographic assumptions	16	(127)
Remeasurement - experience differing from that assumed	2	(258)
Benefits paid	200	210
At 31 December	<u>(7,020)</u>	<u>(7,609)</u>

The assumptions adopted for the scheme valuation were developed by Group 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:

	2021 %	2020 %	2019 %
Rate of increase in pensionable salaries	2.5	2.5	2.5
Rate of increase in pensions in payment	3.4	2.9	2.7
Discount rate	1.8	1.2	1.9
Inflation assumption	3.4	2.9	2.7

The mortality assumption adopted for the purposes of the calculations as at 31 December 2021 is as follows:

- Base table: S3PxA tables, year of birth
- Future mortality improvements: CMI 2020 mortality projection model at 1.5% per annum.

Average life expectancies - Billington Scheme

	2021 £'000	2020 £'000
Male retiring at reporting date at age 62 (in years)	24.9	24.9
Male retiring at reporting date +20 years at age 62 (in years)	26.7	26.6
Female retiring at reporting date at age 62 (in years)	27.5	27.3
Female retiring at reporting date +20 years at age 62 (in years)	29.2	29.1

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.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the rate of inflation and the average life expectancy. The calculation of the net defined benefit surplus is sensitive to these assumptions.

Changes in the significant actuarial assumptions:

	2021 £'000	2020 £'000
0.5% increase to discount rate	(562)	(609)
0.5% increase in inflation and related assumptions	281	380
1 year increase in life expectancy	281	304

The above shows the impact on the defined benefit obligation if the assumptions were changed as shown (assuming all other assumptions remain constant). This sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

24. Related party transactions

During the year sales of £130,000 (2020 - £120,000) were made by one of the Group subsidiaries, Easi-Edge Limited, to Tolent Construction Limited. A non-executive Director of the ultimate parent of Tolent Construction Limited is also a non-executive Director of Billington Holdings Plc. All transactions were conducted on an arm's length basis on normal trading terms. At 31 December 2021 £12,000 (2020 - £59,000) was owed to Easi-Edge Limited.

No other transactions took place with any companies with which the Group has common Directors during the year. There were no outstanding balances with any such related parties at either the opening or closing balance sheet dates.

25. Joint ventures

The Group's investment in joint ventures relates to an equal shareholding of £1 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 commenced trading on 1 November 2011. The Company was dormant in the year ending 31 December 2020 and dissolved in the year ended 31 December 2021.

The joint venture has been accounted for in the Group accounts using the equity accounting method.

The Group's share of transactions and balances with BS2 (2011) Limited as at 31 December 2021 were as follows:

	2021 £'000
Share of revenue	-
Share of profit before taxation	-
Share of profit after taxation	-
Share of current assets	-
Share of liabilities due within one year	-

26. Reconciliation of financing activities

	Cash and cash equivalents £'000	Property loans £'000	Net cash £'000
At 1 January 2020	17,856	(1,500)	16,356
Cash flow	(2,730)	250	(2,480)
At 31 December 2020	15,126	(1,250)	13,876
Cash flow	(4,744)	250	(4,494)
At 31 December 2021	10,382	(1,000)	9,382

27. Post balance sheet event

Shortly after the year end, a client with whom the Company was completing a contract with entered administration. This provided further evidence following previous communications prior to year end that there was significant uncertainty regarding the recoverability of the receivable and contract work in progress owed by the client at the balance sheet and is therefore considered an adjusting event. An impairment of £1,123,000 has therefore been recorded against the receivable and contract work in progress balances.



Pinewood Studios, Slough

PARENT COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	8	8,333	8,435
Investments	9	570	570
		8,903	9,005
Current assets			
Debtors falling due within one year	11	1,335	935
Deferred tax	14	65	51
Cash at bank and in hand		9,833	15,093
		11,233	16,079
Creditors: amounts falling due within one year	12	(3,226)	(8,442)
Net current assets		8,007	7,637
Total assets less current liabilities		16,910	16,642
Creditors: amounts falling due after more than one year	13	(750)	(1,000)
		16,160	15,642
Capital and reserves			
Called up share capital	15	1,293	1,293
Share premium	16	1,864	1,864
Capital redemption reserve	16	132	132
Other reserve	16	(770)	(783)
Retained earnings	16	13,641	13,136
Shareholders' funds		16,160	15,642

The parent Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements.

The profit after taxation of the Company for the year was £1,050,000 (2020: £3,077,000).

The parent Company financial statements were approved and authorised for issue by the Board of Directors on 25 April 2022.

Ian Lawson
Non-Executive Chairman



Trevor Taylor
Chief Financial Officer



The notes 1 to 20 form part of these parent Company financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve - ESOT £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2020	1,293	1,864	132	(820)	9,962	12,431
ESOT movement in year	-	-	-	37	(37)	-
Profit for the financial year	-	-	-	-	3,077	3,077
Credit relating to equity-settled share based payments	-	-	-	-	134	134
At 31 December 2020	1,293	1,864	132	(783)	13,136	15,642
At 1 January 2021	1,293	1,864	132	(783)	13,136	15,642
ESOT movement in year	-	-	-	13	(13)	-
Profit for the financial year	-	-	-	-	1,050	1,050
Credit relating to equity-settled share based payments	-	-	-	-	(17)	(17)
Dividends	-	-	-	-	(515)	(515)
At 31 December 2021	1,293	1,864	132	(770)	13,641	16,160

The notes 1 to 20 form part of these parent Company financial statements.



B7 New Bailey, Salford

NOTES FORMING PART OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Company information

Billington Holdings Plc is a Company domiciled in England and Wales, registration number 02402219. The registered office is Barnsley Road, Barnsley, S73 8DS.

The Company is a holding Company providing management services to its subsidiaries.

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 Holdings Plc have also adopted the following disclosure exemptions, under FRS 102 paragraph 1.12:

- the requirement to present a statement of cash flows and related notes (Section 7 Statement of Cash Flows & paragraph 3.17 (d))
- key management personnel (paragraph 33.7)
- 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:

Impairment of assets

Management determine whether there are indications of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

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.

4. Accounting Policies

Basis of preparation of financial statements

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

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

The financial position of the Group, its continued positive underlying trading performance in 2021 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2022.

The Group has a gross cash balance of £10.4 million at 31 December 2021 and no significant long-term borrowings or commitments.

The Directors have prepared forecasts covering the period to April 2023 and approved by the Board in March 2022. Whereas restrictions are easing within the UK and the construction industry output increases there remains some residual uncertainty as to the future impact on the Company of Covid-19. The residual uncertainty has been separately considered as part of the Directors' consideration of the going concern basis of preparation.

The success of the vaccine roll out programme, combined with the continued easing of restrictions, provides an increased degree of confidence moving into 2022. Industry projections (issued in January 2022) indicate that output increased 16.8% in 2021 and a further 10.5% anticipated in 2022. Furthermore, the current orderbook secured for 2022 allows the Group to look forward with an increasing degree of optimism.

Material price volatility and availability has been affected through the onset of the conflict in Ukraine. The Company's primary input materials relating to contracts are that of steel sections and plate. The Company has sought to agree fixed prices with its suppliers and forward purchase sufficient quantity of these materials to provide certainty the Company is able to meet its contractual obligations.

The Directors expect that the Group has sufficient resources to enable it to continue to adopt the going concern basis in preparing the financial statements.

(a) Property, plant and equipment

Tangible fixed assets 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. Land is not depreciated. The rates applicable are:

Buildings	2%
Plant and equipment	5% to 33.3%

(b) 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.

(c) Retirement benefits

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.

(d) Investments

Within the parent Company, investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

(e) 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.

(f) 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.

(g) Financial instruments

The Company uses financial instruments, other than derivatives, comprising borrowings, cash resources and various items such as trade debtors, trade creditors etc. that arise from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

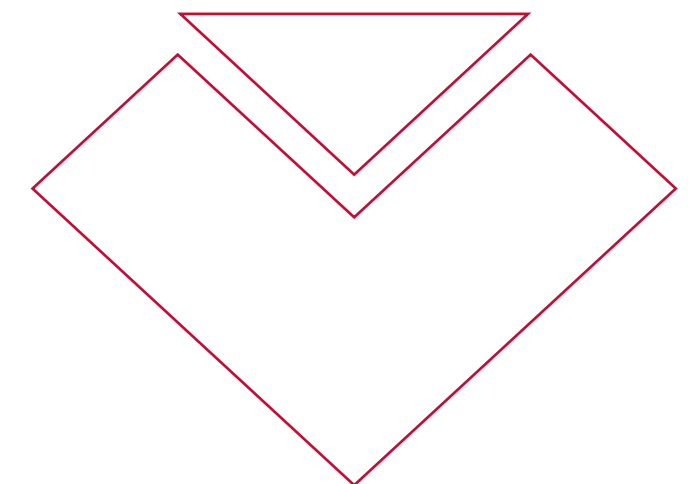
Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to retained earnings in the financial period to which it relates.

(h) Leased assets

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

(i) Government grants

Government grant income is recognised at the point that there is reasonable assurance that the Company will comply with the conditions attached to it and that the grant will be received. During the prior year Coronavirus Job Retention Scheme ('CJRS') income has been received and accounted for under the accruals model and classified as grants relating to revenue. Grant income is included within other operating income in the profit and loss.



5. Profit before taxation

Profit before taxation is stated after:

	2021 £'000	2020 £'000
Depreciation	105	108
Fees payable to the Company's auditor for the audit of the Company's annual accounts	55	37
Fees payable to the Company's auditor for other services:		
tax compliance	6	11
other services	-	1
Operating lease rentals	50	42
Government grant - furlough	-	(28)

6. Directors and employees

Staff costs during the year including Directors:

	2021 £'000	2020 £'000
Wages and salaries	1,421	1,231
Social security	164	169
Pension costs	77	71
Share-based payments	(17)	134
	1,645	1,605

The average number of employees of the Company during the year was 20 (2020: 19).
Remuneration in respect of Directors was as follows:

	2021 £'000	2020 £'000
Aggregate emoluments	682	605
Company pension contributions to a defined contribution scheme	45	41

During the year no Directors (2020: no Directors) participated in defined benefit pension schemes and two Directors (2020: two Directors) participated in a defined contribution pension scheme.

During the year two Directors (2020: two Directors) exercised share options with a total gain of £42,000 (£24,000 related to the highest paid director).

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

	2021 £'000	2020 £'000
Aggregate emoluments	291	257
Company pension contributions to a defined contribution scheme	18	23

During the year the highest paid Director exercised share options.

7. Dividends

A final dividend has been proposed in respect of 2021 of 3.0 pence per ordinary share (£388,000) (2020: 4.25 pence) per ordinary share (£550,000). As the distribution of dividends by Billington Holdings Plc requires approval at the shareholders' meeting, no liability in this respect is recognised in the consolidated financial statements.

8. Property, plant and equipment

	Land & Buildings £'000	Plant & equipment £'000	Total £'000
Cost			
At 1 January 2021	9,199	130	9,329
Additions	-	3	3
At 31 December 2021	9,199	133	9,332
Depreciation			
At 1 January 2021	804	90	894
Charge for year	88	17	105
At 31 December 2021	892	107	999
Net book value at 31 December 2021	8,307	26	8,333
Net book value at 31 December 2020	8,395	40	8,435

Included within land and buildings above is land with a cost of £3,994,000 inclusive of leasehold land of £1,000,000, both of which are not depreciated.

The Company has charged the freehold properties to secure bank facilities across the Group.

9. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2020 and at 31 December 2021	570

All companies have only ordinary shares in issue and are registered in England and Wales unless otherwise stated.

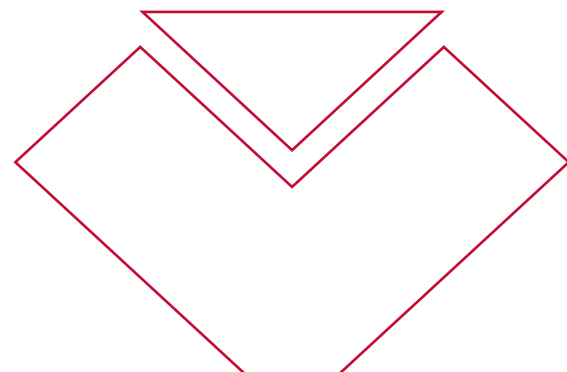
The principal trading subsidiary undertakings are disclosed in note 9 of the Group consolidated financial statements.

10. 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 Company. There are two Trusts in existence being a HMRC approved share option scheme and an unapproved share option scheme.

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 the relevant trust in operation.

In addition, one of the schemes provides additional remuneration for those employees who are key to the operations of the Company. Vesting of the options for this scheme is also conditional on meeting agreed growth targets (non-market performance conditions).



	Number of shares 2021 No.	2020 No.	Weighted average exercise price 2021 £	2020 £
Brought forward at 1 January	322,645	185,356	0.15	0.59
Granted	-	161,429	-	-
Exercised	(12,401)	(24,140)	3.03	3.03
Lapsed	(11,418)	-	-	-
Outstanding at 31 December	298,826	322,645	0.04	0.15
Exercisable at the end of the year	12,690	15,723	3.03	

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 FRS102, 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 credit apportioned to Billington Holdings plc and recognised as credit in the year was £17,000 (2020: expense of £134,000).

11. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	1,265	830
Other debtors	5	65
Prepayments and accrued income	65	40
	1,335	935

Amounts owed by group undertakings are payable on demand. Interest payable on these loans is charged at a market rate. No provisions are deemed to be required against the outstanding amounts.

12. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loans	250	250
Trade creditors	252	146
Amounts owing to group undertakings	1,999	7,391
Social security and other taxes	126	69
Accruals and deferred income	536	523
Current taxation	63	63
	3,226	8,442

Amounts owed to group undertakings are payable on demand. Interest payable on these loans is charged at a market rate.

13. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Bank loans and mortgages	750	1,000
Bank loans are repayable as follows:		
Within one year	250	250
Between one to two years	250	250
Between two to five years	500	750
	1,000	1,250

The bank loans are secured by way of first legal mortgage over certain freehold properties of the Group.

14. Deferred tax asset

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 25% (2020: 19%).

	2021 £'000	2020 £'000
Accelerated capital allowances	6	4
Other short term timing differences	59	47
Accelerated capital allowances	65	51

The recoverability of the deferred tax asset is dependent on future Group taxable profits which the Directors consider likely as a result of recently prepared financial forecasts.

15. Called up share capital

Equity

	2021		2020	
	No. of shares	£'000	No. of shares	£'000
Allotted and fully paid				
Ordinary shares of 10p each	12,860,959	1,286	12,860,959	1,286
"A" ordinary shares of 10p each	73,368	7	73,368	7
	12,934,327	1,293	12,934,327	1,293

Both classes of share rank pari passu in all respects.

Details of Company share options outstanding at 31 December 2021 and treasury shares held by the ESOT are given in note 10 of the Group financial statements.



Sandwell Aquatics Centre, Smethwick

16. Reserves

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

Capital redemption reserve - represents the accumulated balance resulting from the Company's purchase of own shares.

Other reserve - represents the accumulated balance of share capital held by the Employee Share Ownership Trust.

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

17. Ultimate controlling related party

At the year end, the Directors considered that the Company had no ultimate controlling party.

18. Retirement benefits

The Company operates funded pension schemes for certain employees and Directors. The total contributions to all pensions by the Company for the year was £77,000 (2020: £71,000).

Defined contribution schemes accounted for £77,000 (2020: £71,000) of this amount with £nil (2020: £nil) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

19. Related party transactions

No transactions took place with any companies with which the Group has common Directors during the year. There were no outstanding balances with any such related parties at either the opening or closing balance sheet dates.

In accordance with FRS102 Billington Holdings plc is exempt from disclosing related party transactions with its wholly owned subsidiaries.

20. Contingent liabilities

The Company is part of the group cross guarantee to the principal bankers. At the year end there were no outstanding liabilities.



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