Annual Report & Financial Statements

YEAR ENDED 31 DECEMBER 2022

Billington Holdings Plc

Billington Holdings Plc

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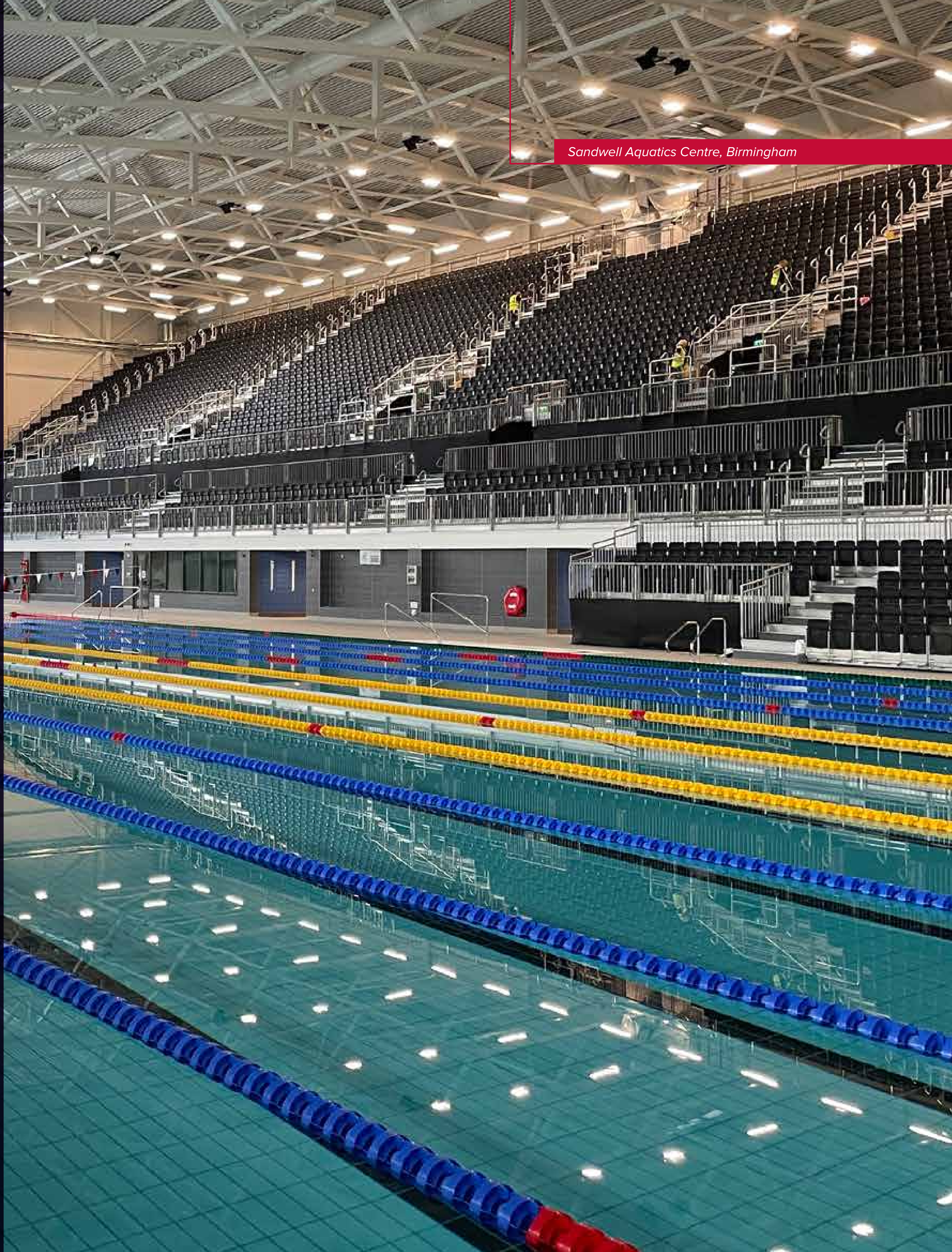


Sandwell Aquatics Centre, Birmingham

CHAIRMAN'S STATEMENT

2022 was a year of significant progress and achievement for Billington, with an excellent trading performance, despite continuing industry wide challenges of material price increases along with restrictions in the availability of certain products and some labour shortages arising throughout the period.

In 2022 revenue increased by 4.7 per cent to £86.6 million (2021: £82.7 million) with profit before tax increasing to £5.8 million (2021 - underlying: £1.3 million), reflective of efficiency improvements implemented across the Group, combined with the successful delivery of a number of large, complex projects. The Basic Earnings Per Share ("EPS") for the year amounted to 39.1 pence compared with 0.6 pence in 2021. Our balance sheet remained strong with Net Assets of £34.3 million at 31 December 2022 (2021: £29.4 million), with a continuing strong gross cash balance of £11.6 million at 31 December 2022 (31 December 2021: £10.4 million), despite the continued maintenance of significant levels of inventory and contract work in progress at the year end.

Billington Structures enjoyed an improved performance in 2022, with the results achieved being significantly ahead of our expectations at the start of the year. The business operated at close to full capacity for much of the year and whilst it continued to be impacted by continuing material price inflation and volatility, coupled with material availability constraints as a result of the conflict in Ukraine, the performance and outlook improved during the course of the year. A number of larger than average contracts were secured in the second half of the year at more attractive margins, particularly in the data centre, energy from waste and industrials sectors. These larger contract wins, coupled with the benefits being realised from the Group's capital investment strategy and focus on efficiency improvements enabled a significantly improved performance to be realised. The structural steel businesses also benefited from the additional skilled labour recruited from overseas that has provided further capacity for 2023 and beyond. The prospects for the business in 2023 are encouraging, with a variety of higher margin projects secured and a further healthy pipeline of opportunities available.

Peter Marshall Steel Stairs continued the strong performance seen over the past two years into 2022, again recording record revenues for the year and operating at near full capacity. Whilst the business was impacted by steel price increases, it retained robust margins, focusing on contracts where an appropriate margin could be achieved. It currently enjoys a strong order book both for projects being undertaken by Billington Structures and third parties, with significant prospects to secure further business.

The Easi-Edge perimeter edge protection and fall prevention business continued to see lower than pre-pandemic levels of utilisation as the commercial office market remained subdued, although it remained a significant contributor to Group profits. Easi-Edge continues to benefit from the significant investment the Group made in the business prior to the pandemic and it is well placed to take advantage of its market leading position as markets continue to recover.

Hoard-it enjoyed an exceptional 2022, operating at full capacity for much of the year, as it continued to take advantage of growing demand from tier one and tier two contractors and adding to its product offerings. The positive momentum has continued into the current year with a good pipeline of new business for 2023 and plans to expand the business into areas of the UK currently underserved.

In March 2022 the Group announced the formation of a new subsidiary, Specialist Protective Coatings Ltd, focused on surface preparation and the application of protective coatings for products across a variety of sectors including rail, highways, defence, petrochemical, energy, structural steel and infrastructure. The business was formed following the Company's acquisition out of administration of the trading assets of Orrmac Coatings Limited, a specialist painting company based in Sheffield, UK, in January 2022. 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. The business has made good progress since its formation with significant capital expenditure to ensure that an exceptional quality service is delivered for both internal Billington work and external customers.

Billington has emerged from the Covid related market disruption as a stronger and more efficient business, which continues to be supported by a healthy balance sheet and a committed workforce. However, we are not immune to the impacts of wider macroeconomic and global events. During 2022 the conflict in Ukraine presented new challenges. Significant volumes of steel products originate in Russia and Ukraine and with supplies restricted from these regions, shortages, and as a consequence price increases, were experienced for some of the Group's raw materials. However, alternative sources for these products were quickly found and supply constraints had a lessening impact as the year progressed.

The Group has secured a number of significant contracts for 2023 and is well placed to take advantage of the significant number of further opportunities at attractive 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 volatile equity and bond markets towards the latter part of 2022. In light of the continuing surplus, measures have been taken to reduce the risk profile of the assets held by the scheme. At 31 December 2022 a surplus of £2,174,000 (2021: £2,673,000) along with a corresponding deferred tax liability of £544,000, has resulted in a net recognised surplus of £1,630,000 (2021: £2,005,000).

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 2022 Billington declared a final dividend in relation to the year ended 31 December 2021 of 3.00 pence per share amounting to £0.4 million, which was 2.7 times covered by 2021 earnings. The Board feels it is appropriate for Billington to continue to be dividend paying at a level that reflects underlying earnings, whilst continuing to maintain a robust balance sheet. The Board is therefore recommending an increased final dividend of 15.5 pence per share for 2022, which is covered 2.52 times by earnings. The dividend declared is at the highest level in the Company's history.

The final dividend will be paid on 4 July 2023, subject to shareholder approval at the Company's AGM on 6 June 2023. The associated ex-dividend date will be 8 June 2023 with a record date of 9 June 2023. No interim dividend for 2022 was declared (2021: nil), a policy consistent with prior years.

Liquidity and Capital Reserves

In 2022 the Group experienced a net cash inflow of £1.2 million (2021: £4.7 million net cash outflow) increasing the Group's gross cash and cash equivalents as at 31 December 2022 to £11.6 million from £10.4 million as at 31 December 2021. The cash balance at 31 December 2022 reflected good cash collection and certain modest customer pre-payments, offset by an increase in inventories and contract work in progress by £4.7 million to £16.9 million (31 December 2021 £12.2 million). The increase in inventories and contract work in progress at the year end was reflective of several ongoing larger contracts due for completion post period end.

During the year the Group temporarily utilised a proportion of its cash resources to maximise the margin available on contracts via the stockpiling of steel when appropriate to take advantage of attractive supply and pricing opportunities. At the year end the amount of steel stockpiled by the Group had returned closer to levels held historically for a similar level of business.

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 2022 increased as the Group continues to invest in process improvements, together with the establishment of the Specialist Protective Coatings business.

Board

John Gordon, a Non-executive Director, has notified the Company that he does not wish to stand for re-election at the forthcoming Annual General Meeting, having served as a Non-executive Director of Billington since 2007. John will therefore leave the Board at the conclusion of the Annual General Meeting to be held on 6 June 2023. I, on behalf of the Board, would like to thank John for his substantial contribution to Billington and we wish him well in his future endeavours.

The Board has commenced a process to find a suitable replacement non-executive Director. Until an appointment is made Stephen Wardell will assume the Chairmanship of the Company's Remuneration Committee.

Our People

The key to Billington's continued success is the hard work and dedication of its workforce, and I would like to place on record my thanks to the whole Billington team for their contribution in 2022.

However, the Group, in common with the wider industry, faces challenges in recruiting sufficient skilled labour. Whilst the Group continues to train and develop skilled labour locally, working in partnership with a number of education providers, it has become necessary to recruit skilled labour from overseas. In 2022 we welcomed 26 new staff members from overseas, who have already provided a valuable contribution to the Group's capabilities and are allowing us to service the demand we are seeing.

The Group remains committed to supporting its employees, particularly in a time when rapid increases in the cost of living are being experienced and continues to actively promote its apprenticeship and graduate schemes.

Economic Outlook

During the year iron ore and metallurgic coking coal prices continued to be volatile, rising at the start of the year, before subsiding through the middle and then returning to an upward trend at the end of the year, which has continued into 2023. This, coupled with continuing high energy prices and the impact of the conflict in Ukraine, has led to continued volatility and inflationary pressures on steel prices, a situation that has remained post period end. Whilst the Group operates many fixed price supply contracts and has arrangements in place to mitigate some of the increases, we have suffered continued escalation in the price of consumables and ancillary products, cost increases which often cannot be passed on. We expect inflationary pressures and the restrictions in the supply of certain steel products to continue for some time, although we anticipate these pressures will ease as we move through 2023.

Post the Covid-19 related impact on the market, many of the sectors in which Billington operates continue to see reduced levels of activity, particularly large commercial office developments. However, other sectors such as large distribution warehouses and industrial developments combined with energy from waste and data centre facilities are considerably more active and have returned to, or exceeded, pre-pandemic levels.

The UK structural steelwork market grew by 11.7 per cent in 2022, following a 16.9 per cent increase in 2021. Current forecasts are for the market to contract slightly in 2023, with an overall decline of 3.0 per cent, before the market stabilises with 0.5 per cent growth in 2024. However, these forecasts are likely to be subject to revision as the impact of wider macroeconomic factors are assessed.

With all our projects we are conscious that many of the main construction contractors continue to operate under significant pressure. The Group insures its exposures with the maximum available cover, in a challenging credit insurance market, and continues to focus on projects with the more robust larger contractors that can deliver an appropriate margin. We have processes in place to assess the risks associated with individual projects on a case-by-case basis to reduce and mitigate the associated risks where possible.

Current Trading and Outlook

Billington is a robust business with a strong market position. Whilst there inevitably remain further challenges ahead and macroeconomic headwinds are likely to remain for some time, particularly with regard to material availability, price volatility and continuing inflationary pressures, we are seeing a consistent stream of opportunities at improved margins and have a very healthy order book.

The Group's capital investment programme and efficiency improvements implemented are enabling us to achieve improved margins on opportunities we are seeing and I believe Billington is well placed to deliver improved results in 2023.

In closing, I would like to thank Billington's Board, employees, shareholders and all stakeholders for their continued support.

Ian Lawson
Non-Executive Chairman
17 April 2023

Billington Holdings Plc

OPERATIONAL REVIEW

2022 saw a further recovery in the market following the Covid-19 pandemic, although there continued to be an impact from the turbulent and inflationary macroeconomic environment, exacerbated by the conflict in Ukraine. Against this background, the Group's revenue increased by 4.7 per cent to £86.6 million for the year (2021: £82.7 million).

During the period as margin pressure remained across the industry, the Group successfully secured a number of significant contracts at improved margin levels and has a very healthy pipeline of current and potential business. The Group achieved a significant increase in profits, ahead of our expectations at the start of the year, despite these continuing challenging market conditions, with profit before tax of £5.8 million (2021 - underlying: £1.3 million), in particular showing the benefit of significant efficiency improvements implemented across the Group in recent times.

Whilst we are mindful of the continuing volatile macroeconomic environment, coupled with supply constraints on materials and labour, we anticipate a further improvement in performance during 2023. Beyond the current year the market is more unpredictable, however Billington has emerged from the pandemic as a stronger and more efficient business, which continues to be supported by a healthy balance sheet and a committed workforce. I believe we can remain resilient to any challenges presented and the Group is well placed to take advantage of the significant number of opportunities at more attractive margin levels that are currently being seen.

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 10,000 tonnes. With two facilities in Barnsley and a further facility in Bristol and a heritage dating back over 75 years, the business is well recognised and respected in the industry with the capacity to process 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 for growth as well as allowing for the supply of value added, complementary products and services enhancing the comprehensive offering of the Group.

During the year the Group's structural steel businesses continued to operate at near full capacity, although a number of projects continued to be subject to delays and timetable movements. Many of the projects undertaken in the first half of the year, as in 2021, continued to be in areas, 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, albeit positive margin. The business was also impacted by continuing material price inflation and volatility, coupled with material availability constraints as a result of the conflict in Ukraine.

During the first half of the year the margins achieved were also impacted by a number of legacy contracts following the Covid-19 pandemic. However, a number of larger than average contracts were secured and delivered in the second half of the year at improved margins, particularly in the data centre, energy from waste and industrials sectors. These larger contract wins, coupled with the benefits being realised from the Group's capital investment strategy and focus on efficiency improvements enabled a significantly improved performance to be realised in the second half. The structural steel businesses also benefited from the additional skilled labour recruited from overseas.

The larger projects undertaken by Billington Structures during 2022 included:

- Shepperton Film Studios - London
- Sandwell Aquatics Centre - Birmingham
- Magna Park Industrial Units - Lutterworth
- Wakefield Trinity RUFC Stadium - Wakefield
- Segro Industrial Unit - Coventry

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. Newhurst Energy from Waste development was the winner of the 2022 Tekla, industrials category award.

Billington Structures has a strong order book for 2023 and is seeing additional significant future project opportunities at stable margins. This includes more complex projects, such as large industrial warehousing, stadia, film studios and renewable energy infrastructure. 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.

Specialist Protective Coatings

In March 2022 the Group announced the formation of a new subsidiary, Specialist Protective Coatings Ltd ("SPC" or "Specialist Protective Coatings"), focused on surface preparation and the application of protective coatings for products across a variety of sectors including rail, highways, defence, petrochemical, energy, structural steel and infrastructure. The business was formed following the Company's acquisition out of administration of the trading assets of Orrmac Coatings Ltd ("Orrmac Coatings"), a specialist painting company based in Sheffield, UK, in January 2022.

The Group had 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, based in a 55,000 square foot facility in Sheffield, it has undergone a substantial refurbishment and an 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 in the UK.

The business has made good progress since its formation, servicing both internal Billington work and external customers. In particular, the benefits of the newly installed equipment, which was operational from November 2022, is enabling the business to focus on maximising margin from its opportunities. A second shift is also being implemented at SPC to maximise the ability to service the demand being experienced. This demand is expected to increase in 2023 as a number of historic competitors have exited the market.

In addition, the Group established a dedicated on-site painting service to enable SPC to be a one-stop-shop for the painting requirements of the structural steel sector. This service has seen significant demand and further expansion in the number of on-site painting teams is expected in 2023.

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 its strong performance during the year, again recording record

Shafton Steel Services

revenue and maintaining robust margins, undertaking substantial work as part of contracts with Billington Structures and for third parties. The business operated at near full capacity during the year and whilst there was an impact from increased steel prices, strong margins were maintained.

Contracts were secured from a variety of sectors, with particularly strong demand from projects in the leisure, data centre and industrial warehousing sectors.

Notable projects undertaken in 2022 included:

- Cherry Park Residential Development - Stratford
- Siemens Wind Turbine Blade Facility - Hull
- KLON2 Data Centre - Harlow
- HH4 Data Centre Ph2 - Hemel Hempstead

Peter Marshall Steel Stairs enjoys a secure market position, as one of the largest companies in its sector, in what is a fragmented market. The outlook for the business continues to be very positive, with a strong order book for the remainder of 2023, comprising both projects being undertaken by Billington Structures and third parties. Additional skilled labour has been secured from overseas to ensure the business has the capability and capacity to fulfil this demand.

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.

Easi-Edge continued to see lower than pre-pandemic levels of utilisation as the commercial office market, a sector that requires a greater amount of product when compared to most other types of projects, such as distribution warehouses, remained subdued. However, the business remained a significant contributor to Group profits and benefited from historic investment in its product.

Easi-Edge continues to take advantage of its market leading position, securing opportunities in those market sectors where new developments are being undertaken and it is anticipated that activity for the remainder of 2023 will be similar to that achieved in 2022.

Billington Holdings Plc

Significant projects undertaken by Easi-Edge in 2022 included:

- Deyes High School - Manchester
- Aintree Fire Training Facility - Liverpool
- Mynydd School - Mold
- Lancashire Cricket Ground Hotel - Manchester

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. An expanded graphics solution, Brand-it, was introduced in 2021, which is being utilised on both Hoard-it's own product 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. Brand-it is a continuation of the desire to increase the product range of the company with high quality, higher margin products to its clients.

Hoard-it had an exceptional 2022, outperforming management's expectations and operating at full capacity for much of the year. It continued to take advantage of its industry leading position and growing demand from tier one and tier two contractors, together with further adding to its product offering. The Brand-it graphics solution has enabled the business to diversify into residential developments and during the year Hoard-it secured its largest ever order of over £0.5 million for a large mixed-use development in Kent.

Other significant projects were undertaken for both new and existing customers, as the client base expanded in line with the goal of ensuring the Hoard-it system becomes the number one choice for main contractors and developers in the built environment. Hoard-it particularly benefited from the Group's investment in stock levels in advance of anticipated demand, enabling rapid deployment of its solutions and providing a degree of mitigation for inflationary pressures on its materials to ensure margins were protected.

Notable projects in 2022 undertaken by Hoard-it included:

- Mixed-used Residential and Leisure Scheme, - Hythe - 2,500 linear meters
- Wigan Galleries project - Wigan - 700 linear meters
- Coundon Secondary School - Coventry - 650 linear meters

The positive momentum has continued into the current year with a good pipeline of new business for 2023 and plans to expand the business geographically into areas of the UK currently underserved.

Our People

Billington, alongside the wider steel industry has struggled with the recruitment of sufficient skilled UK production and technical labour at its facilities in recent years, resulting in reduced capacity and under recovery of its overheads. In order to address these issues the Group has both continued to train and develop skilled labour locally and has recruited skilled labour from overseas.

Close relationships are being maintained with a number of 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 remains in partnership with Betterweld, a specialist training provider, to provide fabrication/welding training at an external facility before being employed by the Group. This partnership provides access to increased numbers of direct personnel on a consistent basis at its two Barnsley based facilities through a structured training and development programme.

We continue to actively promote the company's apprenticeship and graduate schemes in other areas, particularly focusing on technical staff. 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 Group to train, educate and progress structural steelwork fabricators.

Despite the continuing programmes to develop skilled personnel locally, it has become necessary for the Group to recruit skilled labour from overseas in order to meet the shortfall in available skilled personnel and increase the production capacities of the Company. In 2022 a total of 26 staff members were recruited from overseas. These highly skilled fabricators, welders and technical staff, have already proved to be a strong asset for the business, being deployed in Billington Structures, Shafton Steel Services, Peter Marshall Steel Stairs and Group services.

Kendal Westmorland General Hopsital

Canvey Island, Essex

Average staff numbers in 2022 increased by 8.3 per cent, with 415 employed at the year end. We anticipate a further modest increase in staff numbers in 2023.

Health, Safety, Sustainability, Quality and the Environment

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

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. 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 mitigate the risks and promote safe ways of working. We are also actively involved in a number of initiatives both locally and nationwide to ensure the safety of our and others staff.

2023 will see the roll out of a behavioural safety programme across all Group facilities to further enhance the safety culture and eliminate all avoidable accidents.

Minimising the impact of our operations on the environment remains a strong focus. The Group has implemented a number of initiatives aimed at reducing the carbon footprint of our activities. All new energy contracts being entered into by Group companies are "green" tariffs that include carbon offsetting and the Group is investigating the installation of wind turbines and solar power where possible at its facilities. We are also focused on reducing energy usage where possible, altering or replacing machinery where appropriate, and utilising hybrid, electric and biofuel vehicles.

The Group implemented a formal ESG committee in 2021 and significant progress has been made to investigate, benchmark and develop a roadmap for carbon reduction initiatives associated with the activities of the Company. Steel Zero, a commitment to become carbon neutral and employ a responsible steel sourcing strategy was joined in the year as part of the Group's journey to be a leader in driving carbon reduction initiatives.

The Group's primary requirement for energy comes from electricity, as opposed to gas, and a large proportion of the Group's four-year fixed energy price contracts end in 2023. On renewal there will be an increase in Group costs, but the price of long term electricity supply contracts is reducing and the impact on Group profitability will be significantly less than that caused by material price increases.

The Group is also conscious of other environmental impacts from its operations and is seeking to reduce these as far as possible. Weld fume extraction is one area of particular focus and covered by extensive legislation. Approximately £400,000 has been invested in this area to ensure the Group meets current and expected future legislative requirements, together with ensuring the safety and wellbeing of its staff and the wider community.

Charity

In 2017 the Billington Charity Foundation was established and Billington continues to be a significant advocate and supporter of both local and national charities.

Throughout 2022, Billington donated to charities including Macmillan Cancer Support, The Trussell Trust, Andy's Man Club and Weston Park Cancer Charity, together with a range of local sports teams and other causes that our employees are involved with. The Group actively 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.

Billington
Holdings Plc

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

Following the significant increases in steel prices experienced in 2020 (approximately 40%) and 2021 (approximately 60%) as a result of the fluctuating cost of steelmaking raw materials combined with escalating energy prices, 2022 was a period of further significant volatility. The onset of the conflict in Ukraine in early 2022 led to a restriction in the availability of some raw materials used in the steel making process and of some steel products, particularly plate, leading to further price escalation. The Company sought to protect itself against the plate shortage through directly importing material into the UK and temporarily utilising its cash resources to maintain certainty of price and availability.

From March to October 2022 a reduction in steel prices was experienced, before further price rises in the later part of the year. Additional price increases have been noted in early 2023, although the Group expects a more stable price outlook in 2023 when compared to the last three years.

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 undertaken when considered appropriate, enables most projects principal pricing risk to be covered, mitigating the immediate impact. Although, over the longer-term, price rises are passed onto customers as far as possible. The Group also continually reviews its steel procurement strategy in order to reduce its reliance on any one supplier as far as possible.

Strategy and Acquisition

The Group has continued its strategy of improving operating margins 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. The benefits of this strategy have been seen in the improved operating margins achieved in 2022 and the Group will continue to invest to ensure the Group maximises the inherent value within the business and capitalises upon its strong market position within the industry.

In 2022 we established a new trading subsidiary, Specialist Protective Coatings, following the Company's acquisition of the trading assets of Orrmac Coatings out of administration. The establishment of Specialist Protective Coatings and the investment we have made in the business during the year, including setting up a dedicated on-site painting service, is already providing the Group with increased control of a significant subcontract trade that had previously been outsourced and is ensuring the margin associated with this trade is maintained within the business. We will continue to invest in this area in order to grow capacity and be able to service the demand we are seeing.

Prospects and Outlook

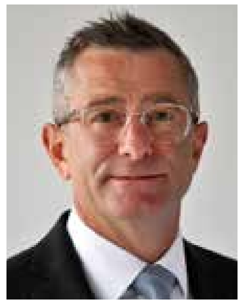
The first half of 2022 was a period of stabilisation and continued recovery following the Covid-19 related disruption to the market, with a number of lower margin legacy contracts being completed, before a significant improvement in the Group's trading performance in the second half of the year as higher margin contracts were delivered.

Whilst macroeconomic headwinds are likely to remain for some time, particularly with regard to material availability, energy costs, price volatility and continuing inflationary pressures, we are seeing a consistent stream of opportunities at more attractive margins and have a very healthy order book. The benefits of the Group's investment in efficiency improvements and people, coupled with its strong market position, is enabling the Group to achieve higher than historic margins and to focus on those sectors that can deliver better returns.

Contracts secured in 2022 for two energy from waste facilities and a number of large industrial production / warehousing projects are good examples of the type of business we are managing to secure. We are also seeing other opportunities particularly in large retail distribution warehouses, data centres, 'Gigafactories', food processing developments, public sector works, rail infrastructure and stadium developments, together with a return of some commercial office development projects and for projects outside of the UK.

I would like to thank my Board colleagues and all of Billington's staff for their hard work and dedication, and our shareholders and other stakeholders for their continued support.

Supported by a robust balance sheet I believe Billington is well placed for the future, and I expect to see a further improvement in financial performance in 2023.



Mark Smith
Chief Executive Officer
17 April 2023

Shafton Steel Services

Billington Holdings Plc

FINANCIAL REVIEW

Revenue
£86.6m

Profit before tax
£5.8m

Operating profit margin
6.8%

Net cash inflow
£1.2m

Cash and cash equivalents
£11.6m

Earnings per share from continuing operations
39.1p

Consolidated Income Statement

	2022 £'000	Underlying 2021 £'000	Non-Underlying 2021 £'000	Total 2021 £'000
Revenue	86,614	82,720	-	82,720
Operating profit/(loss)	5,911	1,339	(1,123)	216
Profit/(loss) before tax	5,829	1,302	(1,123)	179
Profit/(loss) after tax	4,734	978	(910)	68
Profit/(loss) for shareholders	4,734	978	(910)	68
Operating profit margin	6.8%	1.6%	-	0.3%
Return on capital employed*	29.7%	8.4%	-	1.4%
Earnings/(loss) per share (basic)	39.1 p	8.1p	(7.5)p	0.6p

*Operating profit divided by total equity less the net defined benefit pension surplus and net cash.

Revenue increased 4.7 per cent year on year as a result of increased output across both trading segments of the Group. Structural Steel output increased 2.7 per cent and output related to Safety Solutions increased 21.4 per cent, primarily related to additional site hoarding provided through Hoard-It.

Forecasts indicate that the consumption of structural steelwork within the UK increased to 894,000 tonnes in 2022 from 801,000 tonnes in 2021, an increase of 12 per cent. Projections indicate that consumption will reduce by 3 per cent to 867,000 tonnes in 2023 before returning to growth with a forecast 0.5 per cent increase to 871,000 tonnes in 2024. The UK market outlook and the forecast severity and duration of a recessionary period is now anticipated to be shallower and shorter in duration than was previously forecast allowing the Company to look forward with cautious optimism.

Underlying operating margins increased to 6.8 per cent in the year as a result of tight cost control, production efficiencies arising from a program of capital investment, successful resolution of legacy accounts and increased stability in input costs in the second half of the year. The operating margin achieved within the Safety Solutions entities continued its positive progression, on increased output, at 22.3 per cent (2021: 17.9 per cent). The operating margin achieved within the Structural Steelwork entities represented a significant improvement against the prior period, at 5.8 per cent (2021 - underlying: 0.1 per cent).

Underlying earnings per share increased from 8.1 pence in 2021 to 39.1 pence in 2022 representing an increase of 383 per cent.

Cash management and prudent utilisation was a primary focus during the year. During the first half of the year, with escalating steel price rises, the conscious decision was made to pre order quantities of steel to preserve and enhance margins on future contracts. With reduced volatility in input costs relating to steel in the second half of the year the cash utilisation eased and the year concluded with a more normalised gross cash balance of £11.6 million (2021: £10.4 million). The average gross cash balance during the year was £7,890,000 (2021: £13,390,000). 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.

As a result of rising interest rates the remaining mortgage of £750,000 associated with the purchase of the Shafton site in 2015 was repaid in January 2023.

Wigan Galleries

Average staff numbers in 2022 increased 8.3 per cent to 403, with an overall rise in staff costs of 14.9 per cent year on year excluding the cost associated with Share Based Payments (SBP). Industry wide challenges remain to ensure wage inflation is mitigated and in attracting sufficient quality resource across all disciplines. At the year end employee numbers increased to 415 and the Group anticipates a further modest increase in staff numbers in 2023 as further overseas labour arrives in the UK.

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.

Consolidated Balance Sheet

	2022 £'000	2021 £'000
Non current assets	21,902	17,527
Current assets	38,774	35,428
Current liabilities	(22,506)	(21,705)
Non current liabilities	(3,823)	(1,858)
Total equity	34,347	29,392

As part of the capital investment programme across the Group two further significant capital expenditure projects were completed. One project, at Shafton, related to the investment in substantially increasing the plate processing capacity and capabilities to provide additional plate girder profiling capacity, combined with increasing the capacity open to external customers. The second project related to the replacement of an aged saw / drill machine at the Wombwell facility.

The acquisition of the trading assets of Orrmac Coatings Ltd out of administration and the formation of Specialist Protective Coatings Limited has seen a number of capital investment projects completed at its Sheffield facility over the course of the year. £1,171,000 of capital expenditure was incurred in modernising the facility in 2022, the largest single project being the installation of a new shotblast machine, designed for the efficient processing of structural steelwork.

Further investment projects to improve operational efficiencies and increase certain manufacture capacities were commenced just prior to the year end, with a further order being placed for a saw / drill line for the Yate facility. The machine was delivered in March 2023 with a forecast two-month installation period.

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 three years.

Within non-current assets, property, plant and equipment increased by £4,410,000, represented by capital additions of £6,558,000 (including £2,078,000 related to right of use assets in respect of IFRS16), depreciation charges of £2,044,000 and net disposals of £105,000.

The defined benefit pension scheme has performed well in the period against a backdrop of turbulent equity and bond markets towards the latter part of 2022. At the year end, a surplus of £2,174,000 along with a corresponding deferred tax liability of £544,000 has resulted in a net recognised surplus of £1,630,000. The scheme was closed to future accrual in 2011.

The net deferred tax liability at the year end was £1,525,000 (2021: £1,108,000), being a deferred tax liability of £981,000 (2021: £440,000) related to temporary timing differences, combined with a deferred tax liability of £544,000 (2021: £668,000) related to the defined benefit pension scheme surplus.

The increase of £3,346,000 in current assets included an increase of £4,731,000 in inventories and contract work in progress, a decrease of £1,958,000 in trade and other receivables, and an increase in the gross cash balance of £1,252,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £2,198,000 (2021: £1,951,000). It is anticipated that £1,992,000 will be received within one year and £206,000 in greater than one year.

Trade and other payables increased by £589,000. Within this, trade payables and accruals decreased £1,655,000 and £1,187,000 respectively with contract liabilities increasing £3,430,000 and minor movements being noted in social security and other taxes and other payables.

Total equity increased by £4,955,000 in the year to £34,347,000. 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

	2022 £'000	2021 £'000
Result for shareholders	4,734	68
Depreciation	2,044	1,960
Capital expenditure	(4,516)	(2,351)
Investment property movement	(404)	-
Tax received/(paid)	192	(246)
Tax per income statement	1,095	111
Increase in working capital	(2,064)	(3,565)
Dividends paid	(363)	(515)
Net property loan movement	(250)	(250)
Share based payment charge/(credit)	806	(53)
Others	(22)	97
Net cash inflow/(outflow)	1,252	(4,744)
Cash at beginning of year	10,382	15,126
Cash at end of year	11,634	10,382

Dividends of £363,000 were paid in the year.

A dividend has been proposed in respect of the 2022 financial year of 15.5 pence per share (£2,005,000), covered 2.52 times earnings and will be paid to shareholders in July 2023 upon approval at the AGM. Confidence in future trading and cash generation has led to the declaration of a dividend at a level higher than any previously made by the Company.

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

Working capital at the year end was as below:

	2022 £'000	2021 £'000
Inventories and contract work in progress	16,882	12,151
Trade and other receivables	10,258	12,216
Trade and other payables	(22,044)	(21,455)
Working capital at end of year	5,096	2,912

Cash balances at the year end totalled £11,634,000 and there were property loans outstanding of £750,000 representing a net cash position of £10,876,000 (2021: £9,382,000). 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 steel to mitigate some of the price escalations during the year and mitigate margin pressure.

The strong cash position also 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.

2023 to 2025 will see the continued 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 offer 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.

Thorpe Park, Leeds

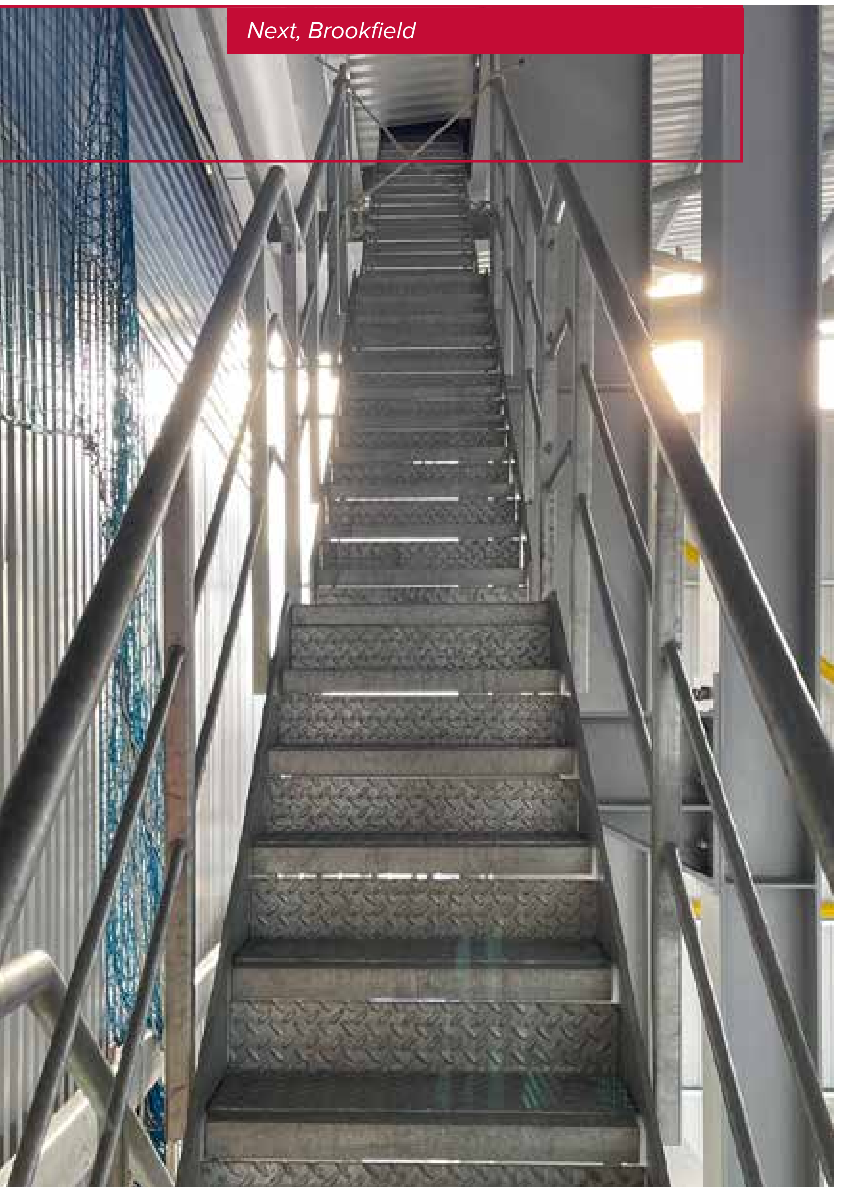
Billington
Holdings Plc

Pension Scheme

	2022 £'000	2021 £'000
Scheme assets	6,820	9,693
Scheme liabilities	(4,646)	(7,020)
Surplus	2,174	2,673
Other finance expense	(13)	(33)
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 liabilities have moved broadly in line with the scheme's assets. The assets are primarily invested in UK Government bonds and the scheme continues to remain in a strong surplus position with an unlikely requirement that funds will be required from the Company in the foreseeable future.

Next, Brookfield



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.

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 996,669 (2021: 474,577) share options outstanding at an average exercise price of £0.14 (2021: £0.29) per share. Share options are in place in HMRC approved and unapproved schemes.

The charge included within the accounts in respect of options in issue is £806,000 (2021: credit £53,000).

Trevor Taylor
Chief Financial Officer
17 April 2023

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 (FCIOB) 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.

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

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

Trevor Michael Taylor
Chief Financial Officer
Appointed: 31/10/2011
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.

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.

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 Legacon Trust and Ospelt and Partner Attorneys at Law, Liechtenstein. In addition, he is also a Board Member of a number of other companies including Opselt Holding Anstalt; Bergbahen 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.

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.

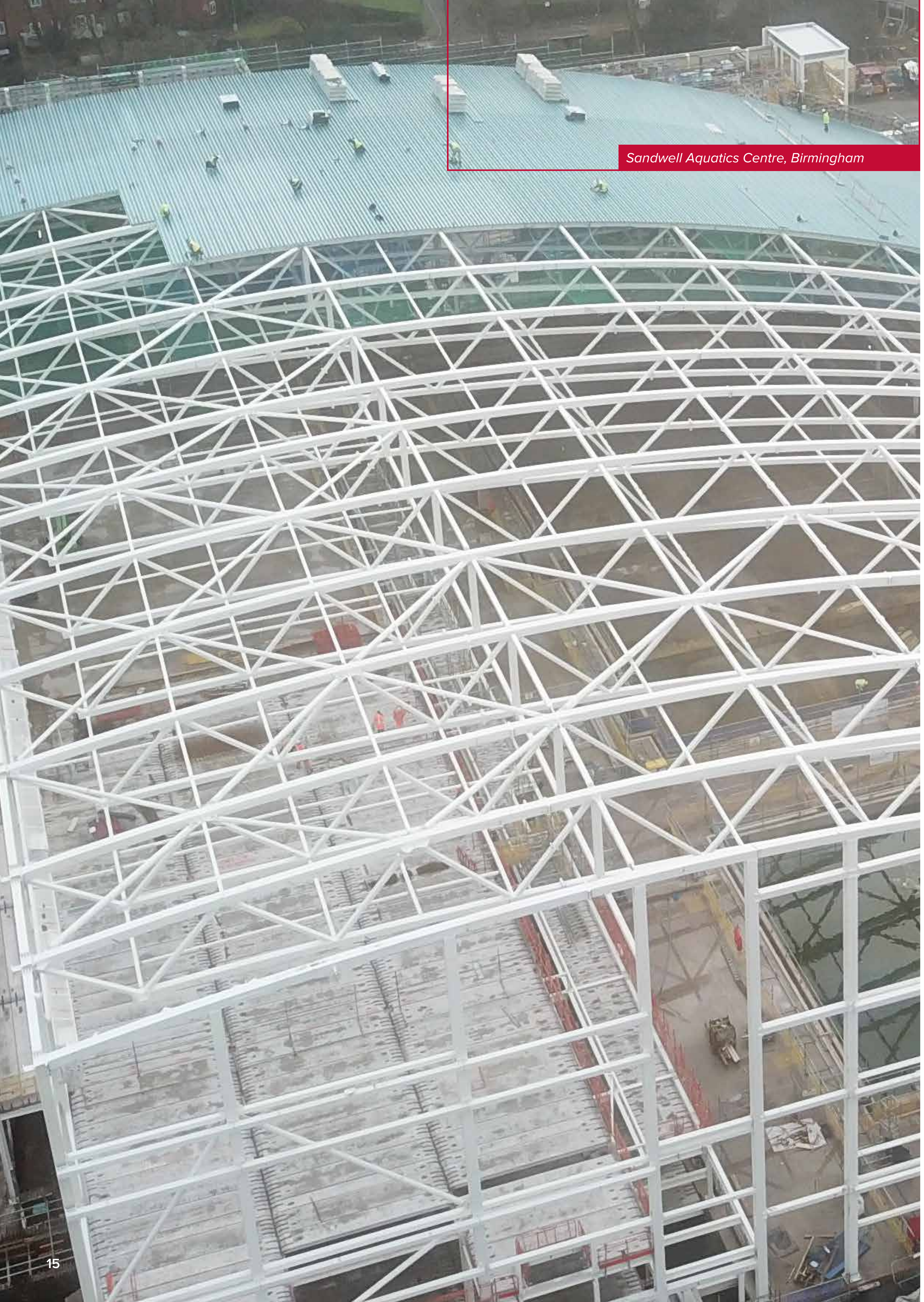
Directors
Ian Lawson - Non Executive Chairman
Mark Smith - Chief Executive Officer
Trevor Taylor - Chief Financial Officer
John Gordon - Non Executive Director
Alexander Ospelt - Non Executive Director
Stephen Wardell - Non Executive Director

Secretary
Darren Kemplay

Registered Office
Barnsley Road, Wombwell
Barnsley, South Yorkshire S73 8DS

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

Registered in England
Company Number - 02402219



Sandwell Aquatics Centre, Birmingham

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31 December 2022.

Results and Dividends

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

A final dividend in respect of 2021 of 3.0 pence (£363,000) per ordinary share was paid on 3 July 2022. No interim dividends were paid in 2022. A final dividend has been proposed in respect of 2022 of 15.0 pence (£1,940,000) per ordinary share. 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.

Following a review of unclaimed dividends over 12 years old, in accordance with the Company's Articles of Association a write-back of £142,000 has been recognised during the year.

Financial Risk Management Objectives and Policies

The Group uses financial instruments 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 interest rate risk, liquidity risk, credit risk and pricing risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

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 14 & 20 to the consolidated financial statements).

Pricing risk

The Group is exposed to commodity price risk as a result of its operations. The risk is managed securing purchase prices as soon possible after an order is received from a customer to mitigate the expsoure and risk.

Directors

All Directors served throughout the year.

In accordance with the Articles of Association Mr J.S. Gordon and Mr A. Ospelt retire and Mr A. Ospelt offers himself 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 2022		1 January 2022	
	Shares	Options	Shares	Options
Ian Lawson	17,200	-	17,200	-
Mark Smith	19,554	337,115	17,161	160,968
Trevor Taylor	19,323	252,835	17,438	120,904
John Gordon	82,270	-	82,270	-
Alexander Ospelt	6,500	-	6,500	-
Stephen Wardell	-	-	-	-

Billington Holdings Plc

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

	Mark Smith	Trevor Taylor	Exercise price	Expected exercise date
Deferred Bonus Plan	18,160	13,620	nil	Apr 23
LTIP 2020 - 2022	69,153	51,864	nil	Apr 23
LTIP 2022 - 2023	123,359	92,519	nil	Apr 24
LTIP 2022 - 2024	126,443	94,832	nil	Apr 25
	337,115	252,835		

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the financial statements in accordance with UK-adopted international accounting standards and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group'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 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 trading performance in 2022 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2023.

The Group has a gross cash balance of £11.6 million at 31 December 2022 and no significant long-term borrowings or commitments. The Group repaid its only remaining borrowing shortly after the period end, being £0.75m relating to the mortgage on the Shafton site taken out in 2015 in order to reduce the interest cost associated with the loan. The Group has short term agreed overdraft facilities with its bankers should they be required, these are reviewed annually and have not been utilised during 2022.

The Group has maintained it strong cash position notwithstanding the continued capital expenditure programme currently being completed. The capital expenditure programme across the Group is part of the Group's operational improvement programme that is, and will continue to, yield production efficiency gains in the short to medium term. The Directors have prepared forecasts covering the period to April 2024 and approved by the Board in February 2023. Pleasingly the impacts of COVID-19 subsided during the course of 2022 with a number of deferred or cancelled projects returning to the market ensuring levels of output to be maintained.

The orderbook at the period end date increased 71% from the prior year with high quality contracts across a number of buoyant market sectors and with financially robust clients.

The Russia / Ukraine conflict that commenced in the early part of 2022 has resulted in increased uncertainty across the globe. There have been consequential impacts on material availability, energy prices, input costs and latterly the possibility of a recessionary period in the UK are noted by the directors and the anticipated effects addressed and mitigated where possible. Workloads and anticipated margins across the Group remain buoyant and to date there has been limited impact to trading levels.

The Group anticipates making further progress in terms of volumes and efficiency enhancements in 2023. The Directors are forecasting trading performance will continue to improve, generating positive cash flows and continuing to build on a strong, debt free statement of financial position.

The Directors have reviewed the Group's forecasts and projections for the period to April 2024, including sensitivity analysis to assess the Group's resilience to potential adverse outcomes including a highly pessimistic 'severe but plausible' scenario. This scenario is based on a significant reduced trading performance for some of the entities within the Group and no further orders being received for the Group's primary trading entity. Furthermore, significant contract deterioration from that anticipated at the period end date has been assumed in the pessimistic scenario. Notwithstanding the stress tests that have been completed on the forecasts and projections the Group projects that it would have sufficient resources to continue trading without the requirement for any external funding requirements.

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 (CO_2e) the Government's carbon conversion factors updated in 2022 were used.

For the year ended 31 December 2022 the energy usage is as follows:

	2022 KwH	2021 restated KwH
Total energy consumption used to calculate emissions:	6,125,967	6,235,991

	2022 Tonnes of CO2e	2021 restated Tonnes of CO2e
Emissions from combustion of gas tCO2e (Scope 1)	517	542
Emissions from combustion of fuel for transport purposes (Scope 1)	206	234
Emissions from purchased electricity (Scope 2, location-based)	521	539
Emissions from business travel in employee-owned vehicles (Scope 3)	21	38
Total gross CO2e	1,265	1,353
Greenhouse gas emissions - intensity ratio: Tonnes of CO2e per £'m of revenue	14.6	16.4

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

The Group maintains the BCSA Gold Standard awarded for meeting the requirements of the Steel Construction Sustainability Charter. During the year, Billington has joined the SteelZero initiative committing to procure 100% net zero steel by 2050.

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.

Following the establishment of the Environmental, Social and Governance Committee during the prior year, the Committee has started the process to set environmental targets for the Group and starting to implement various policies and procedures to work towards achieving carbon accreditation.

During the year, the Group has placed purchased further fully-electric and hybrid vehicles and has installed electric charging points at the head offices. The project to migrate all lighting to LED across the Group has continued during the year.

The prior year comparatives have been restated due to notifcation from our electricity supplier in 2022 that the incorrect electricity usage has been stated on invoices from August 2021 to December 2021.

Research and Development

Research and development expenditure during the year was £95,000 (2021: £86,000).

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 these stakeholders are included in the Governance Report.

Corporate Governance

The Group's Statement on corporate governance can be found in the 'Governance Report' of these financial statements. The corporate governance report forms part of this directors report and is incorporated into it by cross reference.

Post Balance Sheet Events

As a result of rising interest rates the remaining mortgage of £750,000 associated with the purchase of the Shafton site in 2015 was repaid in January 2023 in order to mitigate future interest costs.

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
17 April 2023

Billington Holdings Plc

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report together with the audited financial statements for the year ended 31 December 2022.

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, Peter Marshall Steel Stairs Limited and Specialist Protective Coatings 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 and branding 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

	2022	2021
Production efficiency	119%	123%
Hire stock utilisation	56%	61%
AFR (own employees)	0.22	0.57
Average employee numbers	403	372
Apprentice intake	1	5
Staff turnover (excluding restructuring)	18%	16%

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.

Data Centre, Slough

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.

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

Applications for employment by disabled persons are given full and fair consideration, having due regard to their capabilities and abilities in relation to the jobs available.

It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

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 11).

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

Darren Kemplay
Company Secretary

Billington Holdings Plc
Company Number - 02402219
17 April 2023

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 against they 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 Heath 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.

City Square, Leeds

Billington
Holdings Plc

RAF Coningsby

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 BCSA 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 roadmap for the Group's desire to become Carbon Zero will be established early in 2023.

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.

During the year the Company has become a member of SteelZero, which a commitment to procure, specifiy or stock 100% net zero steel by 2050 and an interim commitment to procure, sepcify or stock 50% of our steel requirement by 2030.

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.

Billington Holdings Plc

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	10/11
Alexander Ospelt	6/11
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 a 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.

NewCold, Corby

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 2022, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement, the notes forming part of the Group financial statements, the principal accounting policies, the parent company statement of financial position, the parent company statement of changes in equity and the notes forming part of the parent company financial statements, including a summary of significant 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 2022 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.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's board paper, which incorporated detailed cashflow forecasts covering the period to 30 April 2024, along with challenge and assessment of the inputs and assumptions used to prepare the forecast;
- evaluating the historical accuracy of forecasting in relation to going concern assessments;
- evaluating management's forecasts and their consideration of the magnitude of a decline in cash that would give rise to the elimination of the headroom in the cash flow forecast, including performing an additional sensitivity analysis to those performed by management; and
- testing management's severe but plausible scenario to corroborate that there is adequate headroom in the forecast to cover unforeseen cost increases or reduced revenues.

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 inflation and the crisis in Ukraine and we 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.

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £433,000, which represents 0.5% of the group's revenue.

Parent Company: £231,000, which represents 1% of the parent company's total assets.

One key audit matter has been identified which remains the same as the previous year:

- Inappropriate recognition of revenue (Group)

Our auditor's report for the year ended 31 December 2021 included one key audit matter that has not been reported as a key audit matter in our current year's report, that being Going concern. Going concern has not been assessed as a key audit matter as a result of improved results and cash flow forecasts.

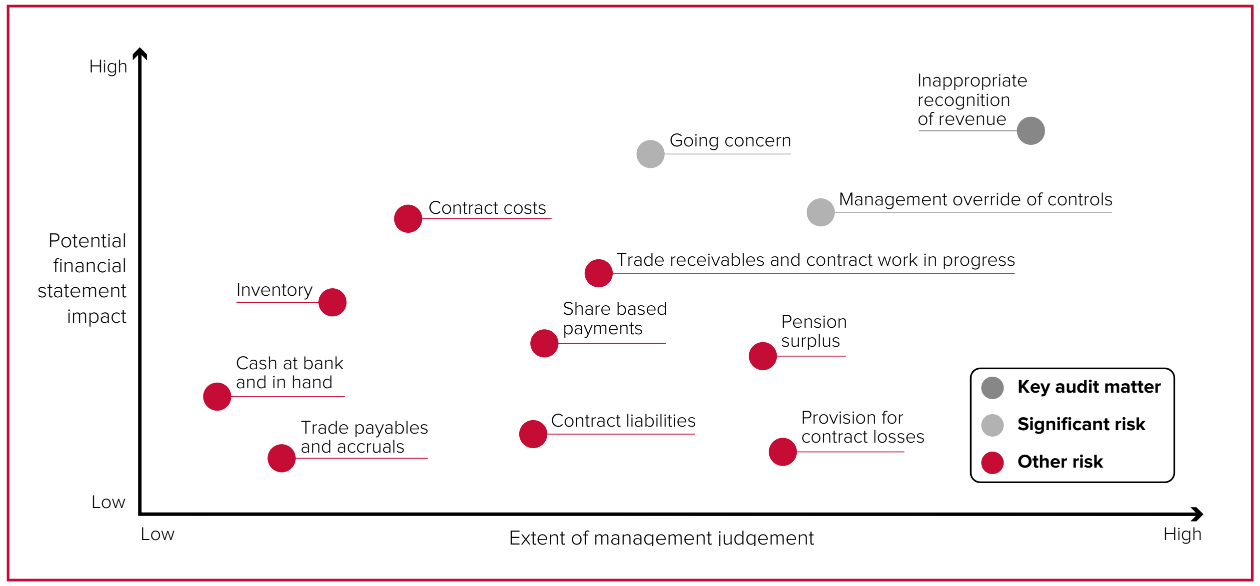
Scoping has been undertaken to ensure appropriate coverage of the significant risks as well as coverage of the key results in the financial statements:

We performed an audit of the financial information of two components using component materiality (full-scope audit procedures). We performed specific-scope audit procedures on a further three components using component materiality. We performed analytical procedures on the financial information of the remaining two group components using group materiality.

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

Inappropriate recognition of revenue

We identified inappropriate recognition of revenue in relation to open construction contracts as one of the most significant assessed risks of material misstatement due to fraud.

Under International Standard on Auditing UK (ISA (UK)) 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.

Revenue is recognised in accordance with International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers' and recognition of revenue requires management to make judgements relating to:

- allocation of consideration,
- assessing the stage of completion for a contract derived from the total expected contract costs; and
- forecasting margin derived from the expected contract value and total expected contract costs.

This risk relates to the occurrence assertion. This area includes management judgement over incomplete contracts at the year end and varying degrees of complexity associated with individual contracts.

The judgements made by management create the opportunity for fraud, which increases the associated risk in relation to revenue recognition.

How our scope addressed the matter – Group

In responding to the key audit matter, we performed the following audit procedures:

- Evaluated the group's 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 assessed whether 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 per 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 by reference to the accuracy of the percentage of completion. We 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; and
- Tested the historical accuracy of forecasting by comparing final results of completed contracts to original forecasts.

Relevant disclosures in the Annual Report and Accounts 2022

- 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 the audit work performed, we have not identified material misstatements in respect of the revenue recognition for open construction contracts.

Billington Holdings Plc

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.

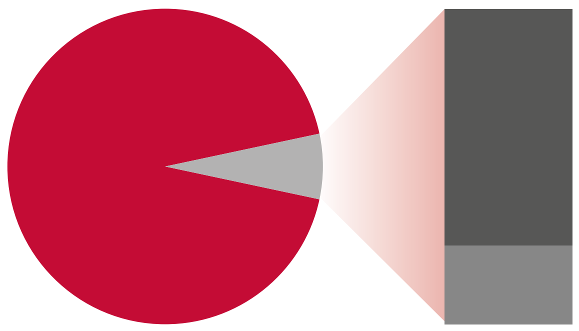
Materiality was determined as follows:

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	£433,000, which is 0.5% of the group's revenue.	£231,000, which is 1% of the parent company's total assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • Identification of the metric most relevant to the users of the financial statements, which was determined to be revenue following the review of broker reports and the previous financial statements; • Revenue is considered to be the most stable benchmark given the volatility in profit before tax that can arise due to the variability and timing of contract completions; and • Revenue is also a key performance metric for the stakeholders of the group and is presented as the first financial highlight on page 7. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2021 to reflect both the increase in the group's total revenue and also the percentage benchmark applied.	In determining materiality, we made the following significant judgements: • Identification of the metric most relevant to the users of the financial statements, which was determined to be total assets for the parent company; • The parent company does not trade and is the holding company for the Group. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2021 to reflect both the increase in the parent company's total assets and also the percentage benchmark applied.
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	£303,000, which is 70% of financial statement materiality.	£162,000, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • The number and value of errors identified in the prior year, along with identified control deficiencies, were significant enough to result in decreasing the performance materiality threshold.	In determining performance materiality, we made the following significant judgements: • The number and value of errors identified in the prior year, along with identified control deficiencies, were significant enough to result in decreasing the performance materiality threshold.

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	We determined a lower level of specific materiality for the following areas: • Directors remuneration; and • Related party transactions	We determined a lower level of specific materiality for the following areas: • Directors remuneration; and • 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	£22,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£12,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

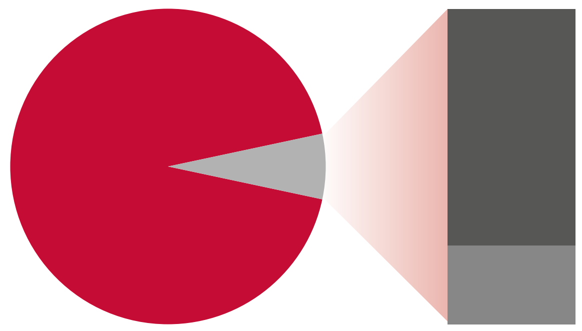
The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality - Group



Total revenue **£86,614,000**
FSM **£433,000, 0.5%**
PM **£303,000, 70%**
TFPUM **£130,000, 30%**

Overall materiality - Parent company



Total assets **£23,426,000**
FSM **£231,000, 1%**
PM **£162,000, 70%**
TFPUM **£69,000, 30%**

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

Billington Holdings Plc

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 group's 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 revenue and qualitative factors, such as the 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)

- full-scope audit procedures were performed on the financial information of two components using component materiality. These procedures included a combination of tests of details and analytical procedures.
- specific-scope audit procedures were carried out on a further three components using component materiality. These procedures included a combination of tests of details and analytical procedures and were designed to increase coverage of the group's financial statement line items.
- for the two components that were not individually significant to the group, we carried out analytical procedures. Where there were material balances in these components that affect the group, we performed procedures on those balances to determine whether there was evidence of material misstatement.

Performance of our audit

- the going concern assessment was tested as part of our work at a group and parent company level.
- the inappropriate recognition of revenue key audit matter was addressed with the full-scope and specific-scope audit procedures across the components per the scope described above.
- audit procedures across all components were performed by the group engagement team in accordance with the scope described. There were no component engagement teams engaged to support the group engagement team.

Changes in approach from previous period

- an additional component has been included within our audit scope for the first time as the group's year end is also the component's first year end since incorporation.
- one component within the group has not been subject to the full-scope audit prcoedures employed in the previous year owing to its financial insignificance in the context of the group as a whole.

Audit approach	No. of components	% coverage revenue
Full-scope audit	2	84%
Specific-scope audit	3	16%
Analytical procedures	2	-

Other information

The other information comprises the information included in the Annual Report and Accounts 2022, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts 2022. 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.

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 themselves. 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 their 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 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 directors' responsibilities statement set out on page 17, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 identified areas of laws and regulations that could reasonably be expected to have a material effect on the group and parent company financial statements from our general commercial and sector experience and through discussion with the directors. We also discussed the policies and procedures regarding compliance with laws and regulations with them.
- 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.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
    - the group 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 group and parent company's control environment, including:
        - management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations;
        - the adequacy of procedures for authorisation of transactions; and
        - procedures to ensure that possible breaches of laws and regulations are appropriately resolved.
- Audit procedures performed by the engagement team included:
    - evaluation of the programmes 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.

- 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.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included 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 group and parent company operates; and
  - understanding of the legal and regulatory requirements specific to the group and parent 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.
- We communicated relevant laws and regulations and potential risks to all engagement team members and remained alert to indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

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
17 April 2023

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CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	Underlying 2021 £'000	Non-Underlying 2021 £'000	Total 2021 £'000
Revenue	2	86,614	82,720	-	82,720
Raw materials and consumables		(51,277)	(55,784)	-	(55,784)
Other external charges		(4,792)	(4,542)	-	(4,542)
Staff costs	3	(19,566)	(16,268)	-	(16,268)
Depreciation	2	(2,044)	(1,960)	-	(1,960)
Other operating charges		(3,024)	(2,827)	-	(2,827)
Impairment losses	2	-	-	(1,123)	(1,123)
		(80,703)	(81,381)	(1,123)	(82,504)
Operating profit/(loss)		5,911	1,339	(1,123)	216
Net finance expense	4	(82)	(37)	-	(37)
Profit/(loss) before tax	2	5,829	1,302	(1,123)	179
Tax	5	(1,095)	(324)	213	(111)
Profit/(loss) for the year		4,734	978	(910)	68
Profit for the year attributable to equity holders of the parent company		4,734	978	(910)	68
Basic earnings per share	7	39.1p	8.1p	(7.5)p	0.6p
Diluted earnings per share	7	37.8p	8.1p	(7.5)p	0.6p

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 2022

	Note	2022 £'000	2021 £'000
Profit for the year		4,734	68
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit surplus	24	(486)	1,023
Movement on deferred tax relating to pension liability	19	122	(348)
Other comprehensive income, net of tax		(364)	675
Total comprehensive income for the year attributable to equity holders of the parent company		4,370	743

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 2022

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Assets					
Non current assets					
Property, plant and equipment	8		19,264		14,854
Investment property	9		464		-
Pension asset	24		2,174		2,673
Total non current assets			21,902		17,527
Current assets					
Inventories	12	3,334		1,894	
Contract work in progress	13	13,548		10,257	
Trade and other receivables	14	10,258		12,216	
Current tax receivable		-		679	
Cash and cash equivalents	16	11,634		10,382	
Total current assets			38,774		35,428
Total assets			60,676		52,955
Liabilities					
Current liabilities					
Current portion of long term borrowings	17, 18	250		250	
Trade and other payables	15	22,044		21,455	
Lease liabilities	23	143		-	
Current tax payable		69		-	
Total current liabilities			22,506		21,705
Non current liabilities					
Long term borrowings	17, 18	500		750	
Lease liabilities	23	1,798		-	
Deferred tax liabilities	19	1,525		1,108	
Total non current liabilities			3,823		1,858
Total liabilities			26,329		23,563
Net assets			34,347		29,392
Equity					
Share capital	21		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other components of equity			(761)		(770)
Retained earnings			31,819		26,873
Total equity			34,347		29,392

The Group financial statements were approved and authorised for issue by the Board of Directors on 17 April 2023.

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 2022

	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	-	-	-	-	(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 gains 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

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other components of equity £'000	Retained earnings £'000	Total equity £'000
At 1 January 2022	1,293	1,864	132	(770)	26,873	29,392
Transactions with owners						
Dividends (note 6)	-	-	-	-	(221)	(221)
Credit relating to equity-settled share based payments	-	-	-	-	806	806
ESOT movement in year	-	-	-	9	(9)	-
Transactions with owners	-	-	-	9	576	585
Profit for the financial year	-	-	-	-	4,734	4,734
Other comprehensive income						
Actuarial loses recognised in the pension scheme	-	-	-	-	(486)	(486)
Income tax relating to components of other comprehensive income	-	-	-	-	122	122
Total comprehensive income for the year	-	-	-	-	4,370	4,370
At 31 December 2022	1,293	1,864	132	(761)	31,819	34,347

The Group retained earnings reserve includes a surplus of £1,630,000 (2021 - £2,005,000) relating to the net pension surplus (note 24).

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

Billington Holdings Plc

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Group profit after tax		4,734	68
Taxation received/(paid)		192	(246)
Interest received		26	21
Depreciation on property, plant and equipment	8	2,044	1,960
Share based payment charge/(credit)		806	(53)
Profit on sale of property, plant and equipment		(309)	(221)
Taxation charge recognised in income statement		1,095	111
Net finance expense		82	37
Increase in inventories and contract work in progress		(4,731)	(7,073)
Decrease in trade and other receivables		1,958	660
Increase in trade and other payables		709	2,848
Net cash flows from operating activities		6,606	(1,888)
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,516)	(2,351)
Purchase of investment property		(404)	-
Proceeds from sale of property, plant and equipment		348	294
Net cash flow from investing activities		(4,572)	(2,057)
Cash flows from financing activities			
Interest paid		(95)	(25)
Repayment of bank and other loans		(250)	(250)
Capital element of leasing payments		(74)	(9)
Dividends paid	6	(363)	(515)
Net cash flow from financing activities		(782)	(799)
Net increase/(decrease) in cash and cash equivalents		1,252	(4,744)
Cash and cash equivalents at beginning of period		10,382	15,126
Cash and cash equivalents at end of period	26	11,634	10,382

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

Specialist Protective Coatings

Billington Holdings Plc

PRINCIPAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention. except for the revaluation of the pension assets and liabilities, and in accordance with the accounting policies set out below which comply with UK-adopted international accounting standards and are effective from 1 January 2022.

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 trading performance in 2022 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2023.

The Group has a gross cash balance of £11.6 million at 31 December 2022 and no significant long-term borrowings or commitments. The Group repaid its only remaining borrowing shortly after the period end, being £0.75m relating to the mortgage on the Shafton site taken out in 2015 in order to reduce the interest cost associated with the loan. The Group has short term agreed overdraft facilities with its bankers should they be required, these are reviewed annually and have not been utilised during 2022.

The Group has maintained its strong cash position notwithstanding the continued capital expenditure programme currently being completed. The capital expenditure programme across the Group is part of the Group's operational improvement programme that is, and will continue to, yield production efficiency gains in the short to medium term. The Directors have prepared forecasts covering the period to April 2024 and approved by the Board in February 2023. Pleasingly the impacts of COVID-19 subsided during the course of 2022 with a number of deferred or cancelled projects returning to the market ensuring levels of output to be maintained.

The orderbook at the period end date increased 71% from the prior year with high quality contracts across a number of buoyant market sectors and with financially robust clients.

The Russia / Ukraine conflict that commenced in the early part of 2022 has resulted in increased uncertainty across the globe. There have been consequential impacts on material availability, energy prices, input costs and latterly the possibility of a recessionary period in the UK are noted by the Directors and the anticipated effects addressed and mitigated where possible. Workloads and anticipated margins across the Group remain buoyant and to date there has been limited impact to trading levels.

The Group anticipates making further progress in terms of volumes and efficiency enhancements in 2023. The Directors are forecasting trading performance will continue to improve, generating positive cash flows and continuing to build on a strong, debt free statement of financial position.

The Directors have reviewed the Group's forecasts and projections for the period to April 2024, including sensitivity analysis to assess the Group's resilience to potential adverse outcomes including a highly pessimistic 'severe but plausible' scenario. This scenario is based on a significant reduced trading performance for some of the entities within the Group and no further orders being received for the Group's primary trading entity. Furthermore, significant contract deterioration from that anticipated at the period end date has been assumed in the pessimistic scenario. Notwithstanding the stress tests that have been completed on the forecasts and projections the Group projects that it would have sufficient resources to continue trading without the requirement for any external funding requirements.

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 2022.

Accounting pronouncements which have become effective from 1 January 2022 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 based on the level of costs incurred as a proportion of the total anticipated costs.. 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 included 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.

Billington Holdings Plc

(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) Investment property

Investment property is carried at fair value determined annually by the Directors by reference to current market rents and investment property yields for comparable properties. No depreciation is provided. Changes in fair value are recognised in the consolidated income statement.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) Share-based payment transactions

The Group issues equity-settled share-based payments. These share-based payments are measured at fair value at the date of grant using the Black-Scholes model based on the Group's estimate of shares that will eventually vest. The fair value determined is then expensed in the consolidated income statement on a straight-line basis over the vesting period, with a corresponding increase in equity. Further details are included in notes 3 and 11.

(m) 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.

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(n) 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 20 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.

(o) Cash and cash equivalents

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

(p) 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.

(q) 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 21).

"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.

(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 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.

Sandwell Aquatics Centre, Birmingham

Billington Holdings Plc

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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, Peter Marshall Steel Stairs Limited and Specialist Protective Coatings Limited. The Safety Solutions segment includes the activities of Easi-Edge Limited and Hoard-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	Other £'000	Total £'000
31 December 2022				
Revenue				
From external customers	75,977	10,637	-	86,614
From other segments	40	612	319	971
Segment revenues	76,017	11,249	319	87,585
Elimination of segment revenues				(971)
Revenue				86,614
Raw materials and consumables	(47,607)	(3,670)	-	(51,277)
Other external charges	(3,143)	(1,649)	-	(4,792)
Staff costs	(15,162)	(1,926)	(2,478)	(19,566)
Depreciation	(969)	(760)	(315)	(2,044)
Other operating (charges)/income	(4,696)	(730)	2,402	(3,024)
Segment operating profit/(loss)	4,440	2,514	(72)	5,911
31 December 2021				
Revenue				
From external customers	73,960	8,760	-	82,720
From other segments	114	398	235	747
Segment revenues	74,074	9,158	235	83,467
Elimination of segment revenues				(747)
Revenue				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)/income	(4,096)	(756)	2,025	(2,827)
Segment operating profit/(loss) - underlying	98	1,639	349	1,339
Impairment losses - non-underlying	(1,123)	-	-	(1,123)
Segment operating profit/(loss)	(1,025)	1,639	349	216

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 17% and 15% respectively (2021: two contractors greater than 10% with 14% and 10% respectively) of Group revenue. One of the contractors with revenue of greater than 10% in 2021 is also one of the customers with revenue of greater than 10% in 2022. 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:

	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 2022					
United Kingdom	72,841	3,136	6,206	4,431	86,614
	72,841	3,136	6,206	4,431	86,614
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

Information about contract balances

	2022 £'000	2021 £'000
Contract work in progress - gross	13,548	11,215
Contract work in progress - impairment losses	-	(958)
Contract receivables	5,804	8,454
Contract receivables - impairment losses	-	(242)
Contract liabilities	(5,482)	(2,052)

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 £2,052,000. This has all been recognised as revenue for the year ended 31 December 2022.

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:

	2022 £'000	2021 £'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	55
Fees payable to the Company's auditor for other services:		
the audit of the Company's subsidiaries	113	60
the audit of the Company's subsidiaries - non-reoccurring	-	30
tax compliance	-	6
Depreciation	2,044	1,960
Foreign exchange (gains)/losses	(5)	92
Profit on disposal of property, plant and equipment	(309)	(221)

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

Billington
Holdings Plc

3. Staff costs

Staff costs during the year including Directors:

	2022 £'000	2021 £'000
Wages and salaries	16,361	14,343
Social security	1,749	1,408
Pension costs	650	570
Share-based payments	806	(53)
	19,566	16,268

The average number of production employees of the Group during the year was 232 (2021 - 213).

The average number of administration employees of the Group during the year was 171 (2021 - 159).

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 2022 £'000	Total 2021 £'000
Executive					
M. Smith	270	103	16	389	309
T. M. Taylor	199	78	16	293	243
Non-executive					
I. Lawson	66	2	-	68	68
J.S. Gordon	40	1	-	41	41
S.J. Wardell	40	-	-	40	40
A. Ospelt	24	-	-	24	25
	639	184	32	855	726
Employer's NI				84	85
Share based payment/(credit)				524	(13)
Key management personnel compensation				1,463	798
Short-term employee benefits				907	766
Post-employment benefits				32	45
Share based payment/(credit)				524	(13)
				1,463	798

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

During the year two Directors (2021: two Directors) exercised share options with a total gain on exercise of £17,022 (£9,519 related to the highest paid Director).

During the year no Directors (2021: no Directors) participated in defined benefit pension schemes and two Directors (2021: two Directors) participated in a defined contribution pension scheme.

4. Net finance expense

	2022 £'000	2021 £'000
Payable on bank loans and overdrafts	(34)	(25)
Interest expense for leasing arrangements	(61)	-
Receivable on bank balances	22	21
Other finance income	4	-
Pension scheme (see note 24)	(13)	(33)
Net finance expense	(82)	(37)

5. Tax on profit

The tax charge represents:

	2022 £'000	2021 £'000
Corporation tax at 19% (2021 - 19%)	505	(169)
Adjustments in respect of prior years	51	4
Total current tax	556	(165)
Deferred tax charge at 25% (2021 - 25%)	593	284
Adjustments in respect of prior years	(54)	(8)
Total tax charge for the year	1,095	111

The tax assessed for the year is at the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%). The differences are explained as follows:

	2022 £'000	2021 £'000
Profit before tax	5,829	179
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	1,108	34
Effects of:		
expenses not deductible for tax purposes	5	15
fixed asset differences	(144)	(18)
adjustments to tax charge in respect of prior years	(3)	(4)
rate differences	152	120
other adjustments	(23)	(36)
Total tax charge for the year	1,095	111

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantially enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023.

6. Dividends

A final dividend in respect of 2021 of 3.0 pence (£363,000) per ordinary share was paid on 3 July 2022. No interim dividends were paid in 2022. A final dividend has been proposed in respect of 2022 of 15.5 pence (£2,005,000) per ordinary share. 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.

Following a review of unclaimed dividends over 12 years old, in accordance with the Company's Articles of Association a write-back of £142,000 has been recognised during the year.

7. Earnings per share

	2022	Underlying 2021	Non-underlying 2021	Total 2021
Basic earnings per share	39.1p	8.1p	(7.5)p	0.6p
Diluted earnings per share	37.8p	8.1p	(7.5)p	0.6p

Basic earnings per share is calculated by dividing the profit for the year of £4,734,000 (2021: profit for the year of £68,000 and underlying profit for the year of £886,000) by 12,117,190 (2021: 12,106,797) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOT.

Diluted earnings per share is calculated by dividing the profit for the year of £4,734,000 (2021: profit for the year of £68,000 and underlying profit for the year of £886,000) by 12,507,863 (2021: 12,106,797) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOT, plus shares deemed to be issued for no consideration in respect of share-based payments of 386,481 (2021: nil).

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 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 1 January 2022	8,414	1,000	18,989	421	28,824
Additions	-	2,078	4,146	334	6,558
Reclassification	-	-	421	(421)	-
Transfer to investment property	(60)	-	-	-	(60)
Disposals	-	-	(1,466)	-	(1,466)
At 31 December 2022	8,354	3,078	22,090	334	33,856

City Square, Leeds

	Freehold property £'000	Long leasehold property £'000	Plant equipment & vehicles £'000	Assets under construction £'000	Total £'000
Depreciation					
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 1 January 2022	1,030	-	12,940	-	13,970
Charge for year	83	131	1,830	-	2,044
Disposals	-	-	(1,422)	-	(1,422)
At 31 December 2022	1,113	131	13,348	-	14,592
Net book value at 31 December 2022	7,241	2,947	8,742	334	19,264
Net book value at 31 December 2021	7,384	1,000	6,049	421	14,854

Freehold property includes £3,986,000 in respect of land which is not subject to depreciation. Long leasehold property includes £1,000,000 in respect of land which is not subject to depreciation.

The Group has a contractual commitment to acquire plant of £970,000 payable in 2023. There were no other material contractual commitments to acquire property, plant and equipment at 31 December 2022 (2021: £1,099,000).

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

9. Investment Property

	2022 £'000
At 1 January 2022	-
Additions	404
Transfer from property, plant and equipment	60
At 31 December 2022	464

The fair value of the investment property as at 31 December 2022 is equivalent to the cost. No depreciation is provided. Changes in fair value are recognised in profit or loss.

10. 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

Specialist Protective Coatings Limited was incorporated on 21 December 2021.

Billington Holdings Plc

11. 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.

As of 31 December 2022 the Trust held 812,945 (2021: 821,330) ordinary shares of 10p each in the capital of the company (6.29% of the allotted share capital (2021: 6.35%)). The market value of the shares in the ESOT Trusts at 31 December 2022 was £2,235,599 (2021: £1,930,126).

Dividends have been waived by the Trust.

During the year ended 31 December 2022, 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		Weighted average exercise price	
	2022 No.	2021 No.	2022 £	2021 £
Brought forward at 1 January	474,577	514,395	0.29	0.43
Granted	730,827	-	-	-
Exercised	(8,385)	(12,401)	-	-
Lapsed	(203,350)	(27,417)	-	3.03
Outstanding at 31 December	993,669	474,577	0.14	0.29
Exerciseable at 31 December	77,309	53,914	1.78	2.56

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 2020 - 2022	LTIP 2022 - 2023	LTIP 2022 - 2024
Date of Grant	18 Jan 2016	23 Dec 2020	27 July 2022	27 July 2022
Share price at date of grant	303p	295p	196.5p	196.5p
Weighted average exercise price	263p	nil	nil	nil
Expected volatility	25.0%	n/a	n/a	n/a
Expected dividends	Nil	Nil	Nil	Nil
Risk free rate	1.5%	n/a	n/a	n/a
Expected option life	3 years	3 years	2 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 charge for the year was £806,000 (2021: credit of £53,000).

12. Inventories

	2022 £'000	2021 £'000
Raw materials	3,334	1,894

Raw materials recognised as an expense in the Income Statement for the year ended 31 December 2022 totalled £4,223,000 (2021: £2,691,000).

The provision against the value of raw materials at the balance sheet date was £84,000 (2021: £115,000).

No reversal of previous write-downs was recognised as a reduction of expense in 2022 or 2021. None of the inventories are pledged as securities for liabilities.

13. Contract work in progress

	2022 £'000	2021 £'000
Contract work in progress	13,548	10,257

The provision against contract work in progress at the balance sheet date was £nil (2021: £958,000).

14. Trade and other receivables

	2022 £'000	2021 £'000
Amounts due from customers:		
- Trade receivables	5,908	8,394
- Retentions due within one year	1,992	1,667
- Retentions due after one year	206	284
Total	8,106	10,345
Other receivables	909	889
Prepayments and accrued income	1,243	982
	10,258	12,216

Detailed disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses are in note 20. Certain trade receivables were found to be impaired and a loss allowance for lifetime credit losses of £551,000 (2021: £542,000) has been recorded accordingly. The amount debited to the consolidated income statement for the year in relation to expected credit losses was £54,000 (2021: £126,000).

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

	2022 £'000	2021 £'000
Balance at 1 January	542	441
Impairment loss	54	126
Receivables written off during the year	(45)	(25)
Balance at 31 December	551	542

Billington Holdings Plc

15. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	12,884	14,539
Social security and other taxes	595	620
Other payables	177	151
Contract liabilities	5,482	2,052
Accruals	2,906	4,093
	22,044	21,455

16. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	6,623	10,382
Short term deposits	5,011	-
	11,634	10,382

17. Long term borrowings

	2022 £'000	2021 £'000
Property loans (note 18)	750	1,000

Specialist Protective Coatings

18. Property loans

	2022 £'000	2021 £'000
Loans at commercial rates -		
due within one year	250	250
repayable within five years	500	750
	750	1,000

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.

19. Deferred tax liability

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 25% (2021: 25%).

	2022 £'000	2021 £'000
Deferred liability recognised in income statement		
At 1 January	(440)	(156)
Charged in the year	(541)	(284)
At 31 December	(981)	(440)
Accelerated capital allowances	(777)	(623)
Other temporary differences	(204)	183
	(981)	(440)
Deferred tax liability recognised in other comprehensive income		
Pension surplus	(544)	(668)
Total deferred tax liability	(1,525)	(1,108)

Billington Holdings Plc and its wholly owned UK subsidiaries have applied the tax consolidation legislation, which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

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.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantially enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023.

20. 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 2022	Total £'000
Current financial assets	
Trade and other receivables	9,015
Cash and cash equivalents	11,634
	20,649
Liabilities	
Trade and other payables	13,061
Lease liabilities	1,798
Non-current borrowings	500
Current borrowings	250
	15,609

31 December 2021	Total £'000
Current financial assets	
Trade and other receivables	11,234
Cash and cash equivalents	10,382
	21,616
Liabilities	
Trade and other payables	14,690
Non-current borrowings	750
Current borrowings	250
	15,690

All financial instruments in the current and prior year are held at amortised cost.

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 when required, principally for hedging foreign exchange risk. Associated disclosures relating to hedge accounting are included above.

Sandwell Aquatics Centre, Birmingham

Market risk analysis

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

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 2022, 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% (2021: +/- 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 2022	(8)	8	(8)	8
31 December 2021	(10)	10	(10)	10

Billington Holdings Plc

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 2022 and 1 January 2022 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 2022 was determined as follows:

	Current	Trade receivables days past due More than 30 days	More than 60 days	More than 90 days	Total
Expected credit rate loss	2%	12%	8%	95%	8%
Gross carrying amount (£'000)	4,743	960	447	295	6,445
Lifetime expected credit loss (£'000)	106	118	34	279	537

The closing balance of the of the trade receivables loss allowance as at 31 December 2022 reconciles with the trade receivables loss allowance opening balance as follows:

	£'000
Opening loss allowance as at 1 January 2022	542
Loss allowance recognised during the year	54
Receivables written off during the year	(45)
Loss allowance as at 31 December 2022	551

Contract assets

All contract assets are considered current as at 31 December 2022 and 31 December 2021. Expected credit losses are assessed on an individual main contractor basis, based on their financial stability along with the credit insurance cover held and current economic climate. The expected credit loss as at 31 December 2022 is £nil. The expected credit loss as at 31 December 2021 was £958,000 as a result of a specific customer entering administration, which was considered a one-off and non-recurring event and disclosed separately as a non-underlying item.

Liquidity risk

As at 31 December 2022 the Group's financial liabilities have contractual maturities (including inetrest payments where applicable) which are summarised below:

31 December 2022	Current within six months £'000	Current six to twelve months £'000	Between one and five years £'000	Greater than five years £'000
Trade payables	12,884	-	-	-
Other payables	177	-	-	-
Property loans	146	142	524	-
Lease liabilities	108	116	927	1,265
	13,315	258	1,451	1,265

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

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

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.

21. Equity

Called up share capital

	2022 No. of shares	2022 £'000	2021 No. of shares	2021 £'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 2022 and treasury shares held by the ESOT are given in note 11.

Other components of equity

The details of other components of equity are as follows:

	ESOT £'000	Total £'000
At 1 January 2021	(783)	(783)
ESOT movement in year	13	13
At 31 December 2021	(770)	(770)
At 1 January 2022	(770)	(770)
ESOT movement in year	9	9
At 31 December 2022	(761)	(761)

22. Ultimate controlling related party

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

23. Leases

The balance sheet shows the following amounts relating to leases:

Right of use assets included within property, plant and equipment

	2022 £'000	2021 £'000
Property	1,947	-
	1,947	-

Lease liabilities

	2022 £'000	2021 £'000
Current	143	-
Non-current	1,798	-
	1,941	-

There were additions of £2,078,000 to right of use assets during the year (2021: £nil).

The Group leased two properties during the year. 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:

	2022 £'000	2021 £'000
Depreciation of right of use assets:		
Property	131	-
Cars	-	8
Interest expense (included in net finance costs)	61	1

The total cash outflow for leases for the period was £135,000 (2021: £9,000).

24. 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 £650,000 (2021: £570,000).

Defined contribution schemes accounted for £650,000 (2021: £570,000) of this amount with £nil (2021: £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 2023. 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:

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.

Investment risk

The plan assets at 31 December 2022 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.

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 at 31 December were:

	2022 £'000	2021 £'000
Bonds - UK Government	5,250	7,838
Cash	53	27
Other	1,517	1,828
Total market value of assets	6,820	9,693
Present value of scheme liabilities	(4,646)	(7,020)
Surplus in the scheme	2,174	2,673
Related deferred tax liability	(544)	(668)
Net pension asset	1,630	2,005

	2022 £'000	2021 £'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	(4,646)	(7,020)
Fair value of plan assets	6,820	9,693
Scheme surplus	2,174	2,673

Analysis of the amount charged to other finance income:

	2022 £'000	2021 £'000
Interest income	172	110
Interest on pension scheme liabilities	(124)	(90)
Administration cost	(61)	(53)
Total expense recognised in profit or loss	(13)	(33)

Analysis of amount recognised in statement of comprehensive income:

	2022 £'000	2021 £'000
Return on plan assets (excluding amounts included in net interest)	(2,725)	544
Actuarial gains from changes in financial assumptions	2,443	461
Actuarial gains from changes in demographic assumptions	6	16
Actuarial (losses)/gains from experience differing from that assumed	(210)	2
Total (loss)/gain recognised in other comprehensive income	(486)	1,023

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

	2022 £'000	2021 £'000
At 1 January	9,693	9,292
Interest cost	172	110
Return on plan assets (excluding amounts included in net interest)	(2,725)	544
Benefits paid	(259)	(200)
Administration costs	(61)	(53)
At 31 December	6,820	9,693

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

	2022 £'000	2021 £'000
At 1 January	(7,020)	(7,609)
Interest cost	(124)	(90)
Remeasurement - actuarial gains from changes in financial assumptions	2,443	461
Remeasurement - actuarial gains from changes in demographic assumptions	6	16
Remeasurement - experience differing from that assumed	(210)	2
Benefits paid	259	200
At 31 December	(4,646)	(7,020)

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:

	2022 %	2021 %
Rate of increase in pensionable salaries	2.5	2.5
Rate of increase in pensions in payment	3.1	3.4
Discount rate	4.8	1.8
Inflation assumption	3.1	3.4

The mortality assumption adopted for the purposes of the calculations as at 31 December 2022 is as follows:

- Base table: S3PxA tables, year of birth

- Future mortality improvements: CMI 2021 mortality projection model at 1.5% per annum.

Average life expectancies - Billington Scheme

	2022 £'000	2021 £'000
Male retiring at reporting date at age 62 (in years)	25.0	24.9
Male retiring at reporting date +20 years at age 62 (in years)	26.7	26.7
Female retiring at reporting date at age 62 (in years)	27.5	27.5
Female retiring at reporting date +20 years at age 62 (in years)	29.3	29.2

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:

	2022 £'000	2021 £'000
0.5% increase to discount rate	(279)	(562)
0.5% increase in inflation and related assumptions	139	281
1 year increase in life expectancy	139	281

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.

25. Related party transactions

During the year sales of £42,000 (2021 - £130,000) 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 2022 £38,000 (2021 - £12,000) was owed to Easi-Edge Limited.

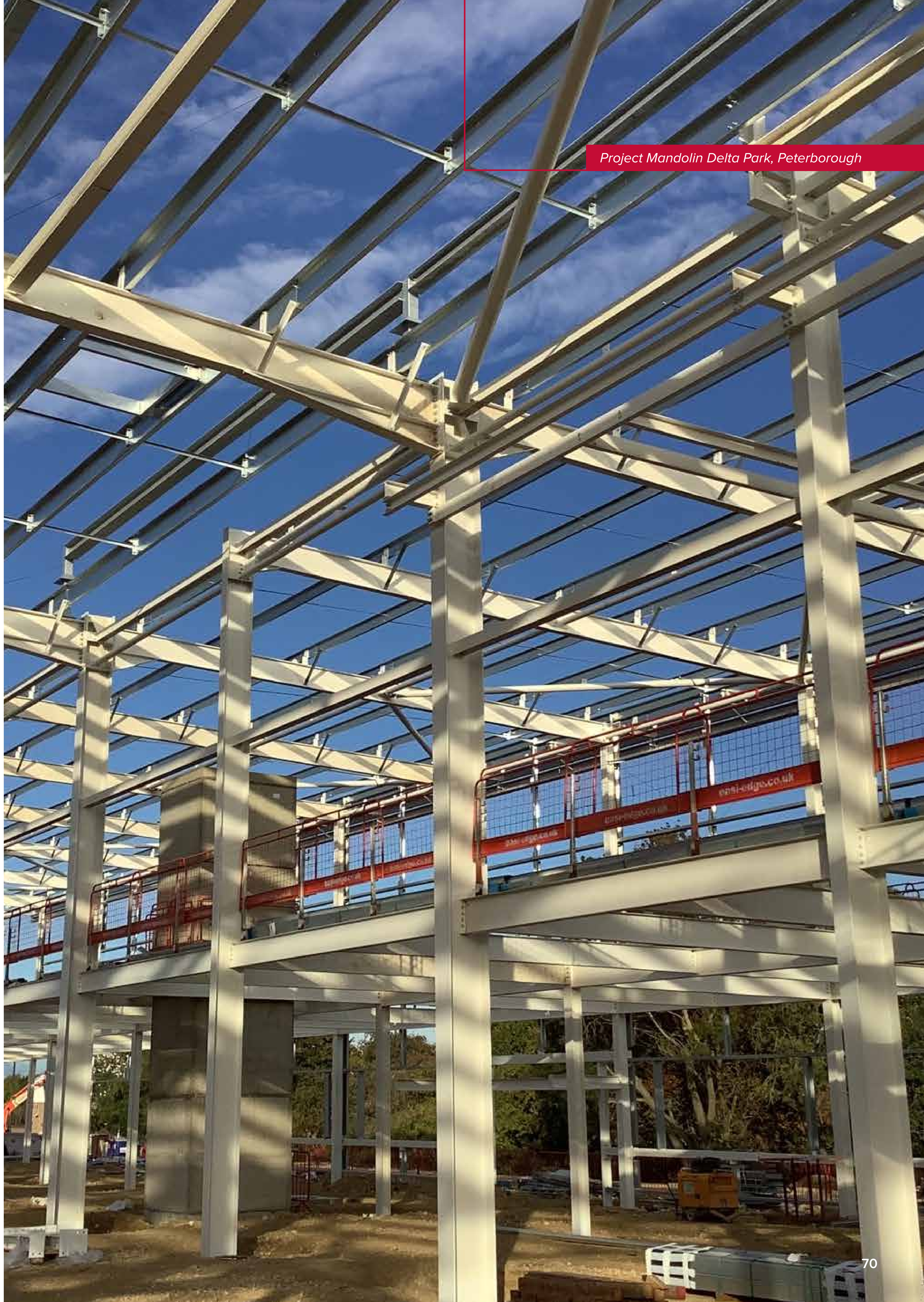
No other transactions took place with any companies with which the Group has common Directors during the year. There were no outstanding balances with any such related parties at either the opening or closing balance sheet dates.

26. Reconciliation of financing activities

	Cash and cash equivalents £'000	Property loans £'000	Lease liabilities £'000	Total £'000
At 1 January 2021	15,126	(1,250)	-	13,876
Cash flow	(4,744)	250	-	(4,494)
At 31 December 2021	10,382	(1,000)	-	9,382
Cash flow	1,252	250	96	1,598
Non-cash	-	-	(2,307)	(2,037)
At 31 December 2022	11,634	(750)	(1,941)	8,943

27. Post balance sheet event

As a result of rising interest rates the remaining mortgage of £750,000 associated with the purchase of the Shafton site in 2015 was repaid in January 2023 in order to mitigate future interest costs.



Project Mandolin Delta Park, Peterborough

Billington Holdings Plc

PARENT COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Non-current assets					
Tangible assets	8		8,214		8,333
Investment property	9		464		-
Investments in subsidiaries	10		570		570
Deferred tax asset	15		167		65
Total non current assets			9,415		8,968
Current assets					
Debtors	12	2,392		1,335	
Cash at bank and in hand		11,619		9,833	
Total current assets			14,011		11,168
Total assets			23,426		20,136
Current liabilities					
Creditors	13	(5,781)		(3,163)	
Current tax		(3)		(63)	
Total current liabilities			(5,784)		(3,226)
Non-current liabilities					
Long term borrowings	14	(500)		(750)	
Total non-current liabilities			(500)		(750)
Total liabilities			(6,284)		(3,976)
Net assets			17,142		16,160
Capital and reserves					
Share capital	16		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other reserve			(761)		(770)
Retained earnings			14,614		13,641
Shareholders' funds			17,142		16,160

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 £644,000 (2021: £1,050,000).

The parent company financial statements were approved and authorised for issue by the Board of Directors on 17 April 2023.

Ian Lawson
Non-Executive Chairman

Trevor Taylor
Chief Financial Officer

The notes 1 to 22 form part of these parent Company financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve - ESOT £'000	Accumulated profits £'000	Total equity £'000
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
Debit 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

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve - ESOT £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2022	1,293	1,864	132	(770)	13,641	16,160
ESOT movement in year	-	-	-	9	(9)	-
Profit for the financial year	-	-	-	-	644	644
Credit relating to equity-settled share based payments	-	-	-	-	559	559
Dividends	-	-	-	-	(221)	(221)
At 31 December 2022	1,293	1,864	132	(761)	14,614	17,142

The notes 1 to 22 form part of these parent Company financial statements.

Shafton Steel Services

Billington Holdings Plc

NOTES FORMING PART OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 (£).

During the year, management have reviewed the presentation of the Statement of Financial Position and have adopted an adapted balance sheet format, to be consistent with the Group financial statements and as management consider that the new presentation provides reliable and more relevant information and is an improvement on the previous presentation.

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 trading performance in 2022 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2023.

The Group has a gross cash balance of £11.6 million at 31 December 2022 and no significant long-term borrowings or commitments. The Group repaid its only remaining borrowing shortly after the period end, being £0.75m relating to the mortgage on the Shafton site taken out in 2015 in order to reduce the interest cost associated with the loan. The Group has short term agreed overdraft facilities with its bankers should they be required, these are reviewed annually and have not been utilised during 2022.

The Group has maintained its strong cash position notwithstanding the continued capital expenditure programme currently being completed. The capital expenditure programme across the Group is part of the Group's operational improvement programme that is, and will continue to, yield production efficiency gains in the short to medium term. The Directors have prepared forecasts covering the period to April 2024 and approved by the Board in February 2023. Pleasingly the impacts of COVID-19 subsided during the course of 2022 with a number of deferred or cancelled projects returning to the market ensuring levels of output to be maintained.

The orderbook at the period end date increased 71% from the prior year with high quality contracts across a number of buoyant market sectors and with financially robust clients.

The Russia / Ukraine conflict that commenced in the early part of 2022 has resulted in increased uncertainty across the globe. There have been consequential impacts on material availability, energy prices, input costs and latterly the possibility of a recessionary period in the UK are noted by the Directors and the anticipated effects addressed and mitigated where possible. Workloads and anticipated margins across the Group remain buoyant and to date there has been limited impact to trading levels.

The Group anticipates making further progress in terms of volumes and efficiency enhancements in 2023. The Directors are forecasting trading performance will continue to improve, generating positive cash flows and continuing to build on a strong, debt free statement of financial position.

The Directors have reviewed the Group's forecasts and projections for 2023 and for at least 12 months from the date of the approval of the financial statements, including sensitivity analysis to assess the Group's resilience to potential adverse outcomes including a highly pessimistic 'severe but plausible' scenario. This scenario is based on a significant reduced trading performance for some of the entities within the Group and no further orders being received for the Group's primary trading entity. Furthermore, significant contract deterioration from that anticipated at the period end date has been assumed in the pessimistic scenario. Notwithstanding the stress tests that have been completed on the forecasts and projections the Group projects that it would have sufficient resources to continue trading without the requirement for any external funding requirements.

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%

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.

(b) Investment property

Investment property is held at fair value and is subject to measurement at each statement of financial position date by reference to recent valuations by an independent professional valuer, current market rates and yields for comparable properties. No depreciation is provided. Changes in fair value are recognised through retained earnings.

(c) 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.

(d) 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.

(e) Investments

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

(f) 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.

(g) Cash

Cash comprises cash at bank and in hand.

(h) 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.

(i) 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.

Financial liabilities are initially recognised at fair value. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

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.

(j) Leased assets

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

Billington Holdings Plc

5. Profit before taxation

Profit before taxation is stated after:

	2022 £'000	2021 £'000
Depreciation	96	105
Fees payable to the Company's auditor for the audit of the Company's annual accounts	55	55
Fees payable to the Company's auditor for other services:		
tax compliance	-	6
Operating lease rentals	46	50

6. Directors and employees

Staff costs during the year including Directors:

	2022 £'000	2021 £'000
Wages and salaries	1,607	1,421
Social security	246	164
Pension costs	69	77
Share-based payments	559	(17)
	2,481	1,645

The average number of administration employees of the company during the year was 21 (2021: 20).
Remuneration in respect of Directors was as follows:

	2022 £'000	2021 £'000
Aggregate emoluments	823	682
Company pension contributions to a defined contribution scheme	32	45

During the year no Directors (2021: no Directors) participated in defined benefit pension schemes and two Directors (2021: two Directors) participated in a defined contribution pension scheme.

During the year two Directors (2021: two Directors) exercised share options with a total gain of £17,000 (£10,000 related to the highest paid Director).

During the year £24,000 (2021: £24,750) was paid to third parties in respect of Directors' salaries.

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

	2022 £'000	2021 £'000
Aggregate emoluments	372	291
Company pension contributions to a defined contribution scheme	16	18

During the year the highest paid Director exercised share options.

7. Dividends

A final dividend in respect of 2021 of 3.0 pence (£363,000) per ordinary share was paid on 3 July 2022. No interim dividends were paid in 2022. A final dividend has been proposed in respect of 2022 of 15.5 pence (£2,005,000) per ordinary share. 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.

Following a review of unclaimed dividends over 12 years old, in accordance with the Company's Articles of Association a write-back of £142,000 has been recognised during the year.

8. Property, plant and equipment

	Land & buildings £'000	Plant & equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2022	9,199	133	-	9,332
Additions	-	24	13	37
Transfer to investment property	(60)	-	-	(60)
At 31 December 2022	9,139	157	13	9,309
Depreciation				
At 1 January 2022	892	107	-	999
Charge for year	83	13	-	96
At 31 December 2022	975	120	-	1,095
Net book value at 31 December 2022	8,164	37	13	8,214
Net book value at 31 December 2021	8,307	26	-	8,333

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. Investment property

	Total £'000
Cost	
At 1 January 2022	-
Additions	404
Transfers from property, plant and equipment	60
At 31 December 2022	464

The fair value of the investment property as at 31 December 2022 is equivalent to the cost. No depreciation is provided. Changes in fair value are recognised in retained earnings.

10. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2022 and at 31 December 2022	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.

Billington Holdings Plc

11. 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		Weighted average exercise price	
	2022 No.	2021 No.	2022 £	2021 £
Brought forward at 1 January	298,826	322,645	0.04	0.15
Granted	472,155	-	-	-
Exercised	(8,385)	(12,401)	-	3.03
Lapsed	(124,707)	(11,418)	-	-
Outstanding at 31 December	637,889	298,826	0.02	0.04
Exercisable at the end of the year	36,085	12,690	0.36	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 charge apportioned to Billington Holdings plc and recognised as debit in the year was £559,000 (2021: credit of £17,000).

12. Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	2,328	1,265
Other debtors	11	5
Prepayments	53	65
	2,392	1,335

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.

13. Creditors

	2022 £'000	2021 £'000
Bank loans	250	250
Trade creditors	417	252
Amounts owing to group undertakings	4,539	1,999
Social security and other taxes	62	126
Accruals	513	536
	5,781	3,163

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

14. Long term borrowings

	2022 £'000	2021 £'000
Bank loans	500	750
Bank loans are repayable as follows:		
Within one year	250	250
Between one to two years	250	250
Between two to five years	250	500
	750	1,000

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

15. Deferred tax

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 25% (2021: 25%).

	2022 £'000	2021 £'000
Accelerated capital allowances	(3)	6
Other short term timing differences	170	59
	167	65

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.

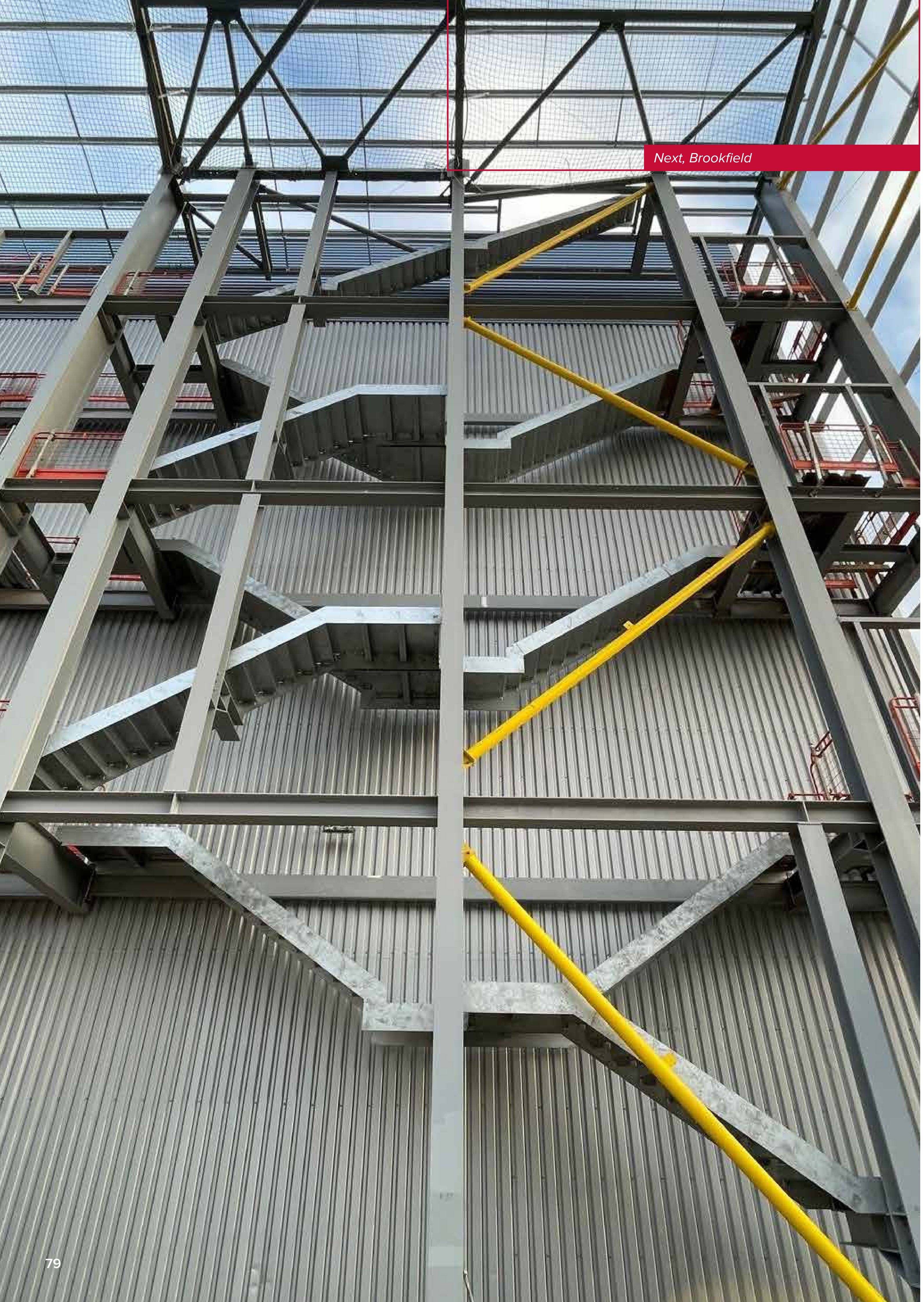
16. Called up share capital

Equity

	2022		2021	
	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 2022 and treasury shares held by the ESOT are given in note 11 of the Group financial statements.



17. 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.

18. Ultimate controlling related party

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

19. 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 £69,000 (2021: £77,000).

Defined contribution schemes accounted for £69,000 (2021: £77,000) of this amount with £nil (2021: £nil) relating to defined benefit schemes, where the benefits are based on final pensionable pay.

20. 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.

21. Contingent liabilities

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

22. Post balance sheet event

As a result of rising interest rates the remaining mortgage of £750,000 associated with the purchase of the Shafton site in 2015 was repaid in January 2023 in order to mitigate future interest costs.

Billington
Structural Steelwork

Shafton
Steel Services

Marshall
Steel Stairs

Hoard-it
Environmental Hoarding

Easi-Edge
Site Safety Solutions

Tubecon
Specialist Structural Steel

SPC
Specialist Protective Coatings

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