

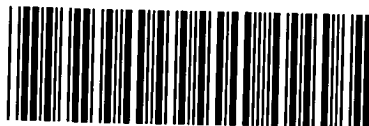
**Edward Billington and Son Limited
and Subsidiaries**

Annual Report and Financial Statements

For the 52 week period ended 2nd September 2018

Company Registration Number 59883

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Edward Billington and Son Limited and Subsidiaries

Annual Report and Financial Statements

For the 52 week period ended 2nd September 2018

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Edward Billington and Son Limited and Subsidiaries

Strategic Report

For the 52 week period ended 2nd September 2018

Principal activities and business review

The principal activities of the group during the period were the manufacture, merchandising and distribution of food, animal feed and other agricultural products and the trading of agricultural commodities.

The key financial and other performance indicators during the period in respect of continuing operations were as follows:

	52 week period ended 2nd September 2018 £'000	52 week period ended 3rd September 2017 £'000
Turnover	361,159	342,800
Operating profit	5,802	13,502
Profit on ordinary activities before taxation	7,746	18,003
Shareholders' funds (excluding non-controlling interests)	102,207	99,844
Current assets as % current liabilities	130%	140%
Average number of employees	1,949	1,783

Turnover grew by £18.4m. The main expansion was in Carrs Billington Agriculture.

The major trading businesses in the period ended 2nd September 2018 are in three divisions.

UK Food

This was a challenging year for the UK Food businesses which operated in very competitive markets. The well documented high street slowdown as well as consumer confidence over Brexit has put added pressure on our customers and their business performance. Sales volumes overall remained strong, but raw material costs were adversely affected by sterling devaluation which was not fully passed on to customers during the financial year.

The directors initiated a turnaround plan, towards the end of the financial year which has subsequently improved profits at the beginning of the new 2018/19 financial year.

- **English Provender.** Sales volumes were strong growing by 4%, although margins came under inflationary pressure. There are plans to provide further production capacity and to improve efficiencies to accommodate future growth plans.
- **Bar Foods and Dunkleys.** The performance of both businesses was adversely impacted by higher raw material costs and some sales volume reduction during the summer months. As part of the turnaround plan, action has been taken to improve margins, reduce the overheads costs and focus on key customer relationships. Bar Foods has subsequently been renamed and relaunched as Billington Foodservice. Dunkleys has been integrated into the new entity. This restructure led to some adverse costs of a one-off nature being incurred during the financial year. The launch of Billington Foodservice and increased focus has been welcomed by key customers.
- **TSC Foods.** The business was affected by raw material inflation and some loss of volume during the summer. The business also embarked on a significant factory investment programme to equip the business for future growth. This resulted in additional one-off costs in the financial year.

International Foods

- **Wholesome Sweeteners.** The businesses profitability fell during the year. Sales continued to grow, although inefficiency and disruption to the supply chain increased costs substantially. A new management team was recruited and the business has now stabilised its supply chain. The group increased its shareholding during the year from 28.4% to 30.07%, which will increase group share of future earnings.

Edward Billington and Son Limited and Subsidiaries

Strategic Report

For the 52 week period ended 2nd September 2018

Agriculture

- **Criddle and Co.** The business operated well during the financial year taking advantage of trading opportunities.
- **Carrs Billington Agriculture.** Sales volumes were up 16% in an improving sector and profits increased.

Summary

This was a challenging year for the group, mainly due to the underperformance in our food businesses. The turnaround plan is now delivering its expected benefits and returns are improving. The Directors are pleased with the performance of the Agriculture division which continues to demonstrate solid growth.

Net debt in Criddle and the UK Foods businesses reduced, but increased in Carrs Billington Agriculture resulting in an increase in overall net debt to £29.7m.

The balance sheet has been further strengthened with shareholder's funds rising to £102.2m.

The group's average number of employees increased by 166 to 1,949 in the period to 2nd September 2018.

Principal risks and uncertainties

The directors meet regularly to discuss the risks facing the group. The principal risks and uncertainties facing the group are broadly competitive and legislative risks:

Competitive and Consumer Risks

The group operates in a competitive environment which is driven by customer and consumer tastes. Continual product innovation is conducted by the group to offer its customers high quality premium products that meet consumer tastes and requirements. The group has made appropriate contingency plans to mitigate the effects of Brexit.

Legislative Risks

The group's operations are governed by UK and EU legislative requirements on food and animal feed production, which includes food safety and hygiene standards that must be met to comply with the law. Furthermore, many of the group's customers have their own production, hygiene and safety standards in place. The group strives to be a leader in its production, hygiene and safety standards and procedures to ensure compliance with relevant laws and regulations and to meet customer expectations.

Commercial Risks

The group has established a risk and financial management framework to monitor and limit normal commercial risks such as credit control, counter party exposure, customer concentration and cost control, in order to protect the group from such risks.

Use of Derivatives

The group's activities include animal feed commodity trading and it enters into fixed price contracts to be taken up at a future date. The majority of the price risk associated with such trading is mitigated by matching sales and purchase contracts. The directors closely monitor current cost price movements in order to manage the risk.

The group also uses forward foreign currency contracts and forward purchase contracts to reduce exposure to the variability of foreign exchange rates or commodity prices by fixing the rate of any material payments in a foreign currency or providing certainty to raw material prices.

Group risk committee

The group operates a committee which is chaired by David Marshall (independent non-executive director), the remit is to highlight key risk areas in the group to the main board and oversee any key mitigating actions. During the year the group also commenced a programme of internal audit to focus on maintaining key controls within the businesses.

Edward Billington and Son Limited and Subsidiaries

Strategic Report

For the 52 week period ended 2nd September 2018

Employees

The group has continued to follow the requirements of the Health & Safety at Work Act with concern for the welfare of its employees.

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

The group provides employees with information about the company through internal media methods and newsletters.

Policy on payment of creditors

Creditors are paid in accordance with terms of business agreed with suppliers.

Given the nature of the company's activities and agreed terms with suppliers, the directors have not calculated an average creditor day figure as a whole on the basis that such a statement would not be beneficial.

Climate change

The group is committed to reducing carbon emissions wherever possible and is working with The Carbon Trust to ensure that the group make optimum use of energy at all the factories.

Signed by order of the Board

Lloyd Whiteley
Director



Cunard Building
Liverpool L3 1EL

Approved by the Board of Directors on 22 January 2019

Edward Billington and Son Limited and Subsidiaries

Directors' Report

For the 52 week period ended 2nd September 2018

The directors present their report to the shareholders together with the audited financial statements for the period ended 2nd September 2018.

Profits, dividends and retentions

The results for the period are shown on the Consolidated Profit and Loss Account on page 10.

The profit on ordinary activities of the group, before taxation, and minority interests, amounts to £7,745,853 (2017 £18,002,802).

Dividends of 108.40 pence per share (2017 135.50 pence per share) are proposed for approval at the forthcoming Annual General Meeting. These are not shown as a deduction against reserves in these financial statements, but instead will fall into the 1st September 2019 financial statements when they are paid. Dividends of £2,508,795 which were proposed in the previous financial statements have been paid during the period.

Directors and directors' interests

The members of the Board of Directors at 2nd September 2018, together with details of their interests in the share capital of Edward Billington and Son Limited, are shown below:

	Ordinary shares of £1 each		Preferred ordinary shares of £1 each	
	2018	2017	2018	2017
G.M. Blake	1,300	1,300	13,041	11,541
S.G. Hughes	-	-	5,072	4,322
A. Kemp	-	-	2,700	1,950
A.S. King	-	-	3,500	2,750
D. Marshall	99	99	11,550	9,875
J.W.N. Taylor	1,403	1,403	1,350	1,350
J.A. Viner	250	250	-	-
L.L.R. Whiteley	118,374	118,374	35,345	35,345

The holding of ordinary shares of Mr. L.L.R. Whiteley stated above includes 31,200 2007 'B' ordinary shares.

The holding of preferred ordinary shares stated above includes the total of preferred and 2014 preferred ordinary shares.

The holding of preferred ordinary shares of Mr. G.M. Blake stated above includes 7,150 (2017 5,650) preferred ordinary shares that are held in a self administered pension scheme.

The holding of preferred ordinary shares of Mr. S.G. Hughes stated above includes 4,322 (2017 4,322) preferred ordinary shares that are held in a self administered pension scheme.

Ms. A. Kemp, Mr. S.G. Hughes and Mr. L.L.R. Whiteley retire by rotation and, being eligible, offer themselves for re-election.

Mr. J.W.N. Taylor and Mr. J.A. Viner were appointed as directors on 6th November 2017. These appointments were confirmed at the 2018 Annual General Meeting.

Mr. E.W. Billington and Mr. W.E. Billington resigned as directors on 2nd October 2017.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Financial Statements and Reports) Regulations 2008 is noted in the Strategic Report on pages 1 to 3.

Edward Billington and Son Limited and Subsidiaries

Directors' Report

For the 52 week period ended 2nd September 2018 [Continued]

Statement of directors' responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Charitable donations

The group contributed £31,603 for charitable purposes (2017 £80,336). During the year the group conducted a review of its charitable activities and as a result will establish a foundation, with the aim of raising increased funds for children's charitable causes.

Insurance of directors

The company provides insurance for its directors in respect of their duties as directors of the group.

Auditors

Having expressed a willingness to continue in office, a resolution for the appointment of Mitchell Charlesworth LLP will be proposed at the forthcoming Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all steps that they ought to have taken as directors to make themselves aware of all relevant audit information and to establish that the auditor is aware of that information.

By order of the Board



Lloyd Whiteley
Director

Cunard Building
Liverpool L3 1EL

Approved by the Board of Directors on 22 January 2019

Edward Billington and Son Limited and Subsidiaries

Directors' Remuneration Report

For the 52 week period ended 2nd September 2018

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the 52 week period ended 2nd September 2018.

The Remuneration Committee (Remco) are the approved body that is responsible for setting the executive directors salary, bonus, long-term incentive plan and other benefits as well as working with the board to address any remuneration related issues that come up from time to time. Additionally, the Remco works with the executive team to provide an independent monitor to assist with the setting and approving of the Executives Key Performance Measures. In 2016 the Remco carried out a full appraisal of the market place to ensure all aspects of remuneration are in step with the market and help to deliver the objectives of attracting, rewarding and retaining high calibre individuals to the main board, and it is our intention to repeat this work in 2019 to ensure that the remuneration remains in step with any market changes. The members of the committee during the year were:

Mr. A.S. King (Chairman of the Remuneration Committee and Independent Non-Executive Director of Edward Billington and Son Limited)

Mr. D. Marshall (Company Secretary and Independent Non-Executive Director of Edward Billington and Son Limited)

Mr. C.E.G. Atkins (Independent Shareholder Representative)

Mr J. Viner (Independent Non-Executive Director of Edward Billington and Son Limited)

* During the year ending 2nd September 2018, Mr James Viner was appointed to the Remuneration Committee.

The Group's performance in 2018

2018 saw a fall in group profits and as such the remuneration of the Executive Directors fell in accordance with this. The total remuneration for Directors fell from £2,462,000 to £1,543,000 on account of only part of the KPI element of the annual bonus paying out, and no money was accrued against the long-term incentive plan, again on account of the profit performance.

Remuneration Policy

The guiding principles of the remuneration:

Basic Salary and Benefits

The basic salary of the executives should reflect a competitive salary for businesses of a similar size and marketplace to ensure Edward Billington and Son attract the best talent. This is something that the Remco benchmarked in 2016 and is scheduled to review again in 2019.

Annual Bonus

The annual bonus potential is set at a percentage of base salary for each director, where the appropriate percentage is driven by group profits. The annual bonus also includes a mechanic whereby 25% of the potential bonus is to be paid for the delivery of Key Performance Indicators (KPI's), and so is not dependent upon profitability. The KPI's align the actions of the executives to such business critical areas as Corporate Social Responsibility, People Development, Health and Safety and Strategic Planning.

Edward Billington and Son Limited and Subsidiaries

Directors' Remuneration Report

For the 52 week period ended 2nd September 2018 [Continued]

Remuneration Policy [Continued]

Long-term Incentive Plan

The current long-term incentive plan was launched in September 2016 and accrues value equal to a percentage of base salary over a rolling three-year period for the executive directors. The percentage of salary accrued will be determined by the growth of group profits during that three-year period.

The Remco has discretion to ensure fairness to shareholders and participants and has provision to pay out at the maturity dates for "good leavers" (ill health, disability, retirement, departure in agreement with the Chairman and Remco), but will see payments forfeited for bad leavers. A malus provision to protect the company in the event of serious financial misstatement, miscalculation, or gross misconduct has been provided.

Pensions & Other Benefits

Pensions are paid although certain directors choose to waive this entitlement in return for higher salaries. A conventional benefits package, commensurate with each Director's role, is also offered.

Independent Non-Executive Directors

Independent Non-Executive Directors are paid a fixed salary for an annual contract. No profit sharing bonuses or long-term incentive payments are paid.

Andrew King
Chairman, Remuneration Committee

22 January 2019

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square . Temple Street . Liverpool . L2 5RH

Independent Auditors' Report to the Members of Edward Billington and Son Limited

Opinion

We have audited the financial statements of Edward Billington and Son Limited and its subsidiaries for the period ended 2nd September 2018 which comprise the Consolidated Profit And Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 2nd September 2018 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square . Temple Street . Liverpool . L2 5RH

Independent Auditors' Report to the Members of Edward Billington and Son Limited [Continued]

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



PHILIP GRIFFITHS FCA
(Senior Statutory Auditor)
For and on behalf of
MITCHELL CHARLESWORTH LLP
Chartered Accountants
Statutory Auditor

22 January 2019

Edward Billington and Son Limited and Subsidiaries

Consolidated Profit and Loss Account

For the 52 week period ended 2nd September 2018

	Notes	Total 2018 £'000	Total 2017 £'000
Turnover	3	361,159	342,800
Cost of sales		(304,447)	(280,061)
Gross profit		56,712	62,739
Distribution costs		(19,283)	(18,386)
Administrative expenses		(31,627)	(30,851)
Operating profit	4	5,802	13,502
Share of operating results of associates		3,729	5,965
Profit on ordinary activities before interest		9,531	19,467
Net interest paid	6	(1,785)	(1,464)
Profit on ordinary activities before taxation		7,746	18,003
Taxation	7	(2,573)	(4,681)
Profit for the financial period		5,173	13,322
Profit for the financial period attributable to:			
Owners of the parent		3,396	11,716
Non-controlling interests	21	1,777	1,606

The notes on pages 16 to 42 form part of these financial statements.

Dividends amounting to £2,013,005 (2017 £2,515,555) are proposed for the period and are detailed in note 8.

Edward Billington and Son Limited and Subsidiaries

Consolidated Statement of Comprehensive Income

For the 52 week period ended 2nd September 2018

	2018 £'000	2017 £'000
Profit for the period	5,173	13,322
Re-measurement gain on defined benefit pension plans	3,864	3,445
Deferred tax movement associated with defined benefit pension plans	(637)	(656)
Exchange differences	(223)	124
Total comprehensive income for the period	8,177	16,235
Total comprehensive income for the period attributable to:-		
Owners of the parent	5,390	13,770
Non-controlling interests	2,787	2,465
	8,177	16,235

Edward Billington and Son Limited and Subsidiaries

Balance Sheets

As at 2nd September 2018

	Notes	Group		Company	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed assets					
Intangible assets	9	27,718	32,318	-	110
Tangible assets	10	50,654	46,668	405	438
Investments	11	27,583	27,117	73,519	73,569
		105,955	106,103	73,924	74,117
Current assets					
Stocks	13	27,291	25,703	-	-
Debtors	14	65,554	63,255	16,556	14,298
Cash at bank and in hand		4,273	2,492	1,228	919
		97,118	91,450	17,784	15,217
Creditors					
Amounts falling due within one year	15	(74,969)	(65,518)	(35,719)	(32,853)
Net current assets		22,149	25,932	(17,935)	(17,636)
Total assets less current liabilities		128,104	132,035	55,989	56,481
Creditors					
Amounts falling due after more than one year	16	(13,563)	(17,074)	(12,703)	(16,030)
Provision for liabilities	18	(1,955)	(638)	-	-
Net assets excluding pension liabilities		112,586	114,323	43,286	40,451
Defined benefit pension liabilities	25	2,321	(3,978)	299	(1,679)
		114,907	110,345	43,585	38,772
Capital and reserves					
Called up share capital	19	1,861	1,861	1,861	1,861
Share premium account	20	87	87	87	87
Capital reserves	20	2,776	2,776	644	644
Other reserves	20	157	(36)	157	(36)
Profit and loss account	20	97,326	95,156	40,836	36,216
		102,207	99,844	43,585	38,772
Non-controlling interests	21	12,700	10,501	-	-
		114,907	110,345	43,585	38,772

Approved by the Board of Directors and authorised for issue on 22 January 2019 and are signed on its behalf by:



Lloyd Whiteley
Director



Gary Blake
Director

The notes on pages 16 to 42 form part of these financial statements.

Company Registration No. 59883

Edward Billington and Son Limited and Subsidiaries

Consolidated Statement of Cash Flows

For the 52 week period ended 2nd September 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations	28	11,993	17,660
Income taxes paid		(1,860)	(1,807)
Interest paid		(627)	(574)
Net cash generated from operating activities		9,506	15,279
Cash flows from investing activities			
Purchases of intangible assets		(22)	(90)
Purchases of tangible fixed assets		(9,891)	(12,209)
Proceeds from sale of tangible fixed assets		117	248
Purchase of subsidiary undertaking		-	(21,475)
Proceeds from sale of associated undertaking		-	81
Additional investment in associated undertaking		-	(705)
Purchase of trade investment		-	(400)
Dividend received from associated undertakings		588	5,658
Interest received		31	38
		(9,177)	(28,854)
Cash flows from financing activities			
New loans		-	9,971
Repayment of loans		(2,787)	(3,652)
Repayment of finance lease obligations		(954)	(1,040)
Movement in Employee Benefit Trust		193	240
Dividends paid to parent company shareholders		(2,509)	(2,173)
Dividends paid to non controlling interest		(588)	(245)
Net cash outflow from financing activities		(6,645)	3,101
Net decrease in cash and cash equivalents		(6,316)	(10,474)
Acquired with subsidiary undertaking		-	566
		(6,316)	(9,908)
Cash and cash equivalents at 4th September 2017		(6,948)	2,960
Cash and cash equivalents at 2nd September 2018		(13,264)	(6,948)
Relating to:			
Cash at bank and in hand		4,273	2,492
Bank overdrafts included in creditors payable within one year		(17,537)	(9,440)
		(13,264)	(6,948)

Edward Billington and Son Limited and Subsidiaries

Consolidated Statement of Changes in Equity

For the 52 week period ended 2nd September 2018

	Called up share capital £'000	Share premium account £'000	Capital reserves £'000	Other reserves £'000	Profit and loss account £'000	Amounts attributable to the parent £'000	Non controlling interests £'000	Total £'000
At 4th September 2016	1,861	87	2,776	(276)	83,559	88,007	8,281	96,288
Profit for the financial period	-	-	-	-	11,716	11,716	1,606	13,322
Other comprehensive income	-	-	-	-	2,054	2,054	859	2,913
Total comprehensive income for the period	-	-	-	-	13,770	13,770	2,465	16,235
Movement in Employee Benefit Trust	-	-	-	240	-	240	-	240
Dividends paid	-	-	-	-	(2,173)	(2,173)	(245)	(2,418)
At 3rd September 2017	1,861	87	2,776	(36)	95,156	99,844	10,501	110,345
Profit for the financial period	-	-	-	-	3,396	3,396	1,777	5,173
Other comprehensive income	-	-	-	-	1,994	1,994	1,010	3,004
Share of capital repurchase in associate	-	-	-	-	(711)	(711)	-	(711)
Total comprehensive income for the period	-	-	-	-	4,679	4,679	2,787	7,466
Movement in Employee Benefit Trust	-	-	-	193	-	193	-	193
Dividends paid	-	-	-	-	(2,509)	(2,509)	(588)	(3,097)
At 2nd September 2018	1,861	87	2,776	157	97,326	102,207	12,700	114,907

Edward Billington and Son Limited and Subsidiaries

Company Statement of Changes in Equity

For the 52 week period ended 2nd September 2018

	Called up share capital £'000	Share Premium account £'000	Capital reserves £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 4th September 2016	1,861	87	644	(276)	27,012	29,328
Profit for the financial period	-	-	-	-	10,342	10,342
Other comprehensive income	-	-	-	-	1,035	1,035
Total comprehensive income for the period	-	-	-	-	11,377	11,377
Movement in Employee Benefit Trust	-	-	-	240	-	240
Dividends paid	-	-	-	-	(2,173)	(2,173)
At 3rd September 2017	1,861	87	644	(36)	36,216	38,772
Profit for the financial period	-	-	-	-	5,962	5,962
Other comprehensive income	-	-	-	-	1,167	1,167
Total comprehensive income for the period	-	-	-	-	7,129	7,129
Movement in Employee Benefit Trust	-	-	-	193	-	193
Dividends paid	-	-	-	-	(2,509)	(2,509)
At 2nd September 2018	1,861	87	644	157	40,836	43,585

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements

For the 52 week period ended 2nd September 2018

1 Accounting policies

Company information

Edward Billington and Son Limited is a company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, Cunard Building, Liverpool, Merseyside, L3 1EL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost basis except for investment properties which are included at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade and other settlement discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets

Goodwill represents the excess of the cost of investments over the fair value of the net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life of ten years.

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Computer software costs are capitalised as intangible assets and written off over their useful lives of between three and ten years.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

1 Accounting policies [Continued]

1.5 Tangible fixed assets

Tangible fixed assets are initially recorded at cost (or deemed cost) and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation of tangible fixed assets, other than freehold land, is calculated to write off the cost of an asset, less its estimated residual value over the useful economic life of that asset as follows:

Freehold and long leasehold buildings	2% to 10% per annum
Short leasehold buildings	10% to 33% per annum
Plant and machinery	10% to 50% per annum
Motor vehicles	14% to 33% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value of each reporting date with changes recognised in profit or loss.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

1 Accounting policies [Continued]

1.8 Investments

Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group governs the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investments in associates

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in associates are accounted for at cost less impairment in the individual financial statements.

Other trade investments

Investments in other unquoted companies are accounted for at costs less any provision for impairment.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the statement of financial position when the group or company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

1 Accounting policies [Continued]

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group or company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

1 Accounting policies [Continued]

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less tax.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

1 Accounting policies [Continued]

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense when they become payable.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

As the schemes have ceased to accrue further benefits to members, there is no charge in the net defined benefit liability arising from employee service during the period.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

1 Accounting policies [Continued]

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased assets (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

1.16 Foreign currency translation

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The defined benefit pension liabilities are determined on an actuarial basis using a variety of assumptions. Any changes in these assumptions, which are disclosed in note 25, will impact on the carrying amount of the pension liability. The directors have considered the advice of the actuary in determining the basis of these assumptions.

3 Turnover and other revenue

	2018 £'000	2017 £'000
An analysis of the group's turnover is as follows:		
Turnover		
Sale of goods	361,159	342,800
Turnover analysed by geographical market		
United Kingdom	358,626	339,955
Overseas	2,533	2,845
	361,159	342,800

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

4 Operating profit

The operating profit for the period has been arrived at after:

	2018 £'000	2017 £'000
Charging		
Directors' emoluments (see note 5)	1,543	2,462
Operating lease rentals		
- land and buildings	1,675	1,985
- plant and machinery	2,385	1,875
Depreciation	6,398	6,120
Amortisation of goodwill	4,622	5,140
Cost of stocks recognised as an expense	224,643	206,329
Crediting		
Surplus on disposal of fixed assets	18	122
Surplus on disposal of investments	-	16
Services provided by the group's auditor:		
	2018 £'000	2017 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	24	23
Fees payable to the company's auditor for other services:		
Audit of the company's subsidiaries, pursuant to legislation	88	85
Accounting services	42	54
Tax services	30	35
Other services	1	-
Fees payable in respect of the Edward Billington & Son Limited Retirement Benefits Scheme		
Audit	4	4
Tax services	1	3

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

5 Directors' emoluments and employment costs

The aggregate amount of directors' emoluments, including profit sharing bonuses and contributions to pension scheme in respect of current service were:

	2018 £'000	2017 £'000
Number of directors whose emoluments are included below	8	8
Management remuneration (including benefits in kind)	1,339	1,392
Bonuses	183	614
Pension scheme contributions	21	36
	1,543	2,042
Benefits accrued under long-term incentive plan	-	420
	1,543	2,462

Pension scheme contributions represent amounts paid to defined contribution schemes during the period. The number of directors who were members of a defined contribution scheme was 4 (2017 6). No directors are members of the defined benefit scheme.

	2018 £'000	2017 £'000
The emoluments of the highest paid director were as follows:		
Aggregate emoluments, excluding pension contributions	375	497
Company pension contributions to a defined contribution scheme	10	19

In addition to the above, the director accrued benefits of £Nil during the period (2017 £141,591) in respect of a three year long-term incentive plan that commenced in September 2016.

Employees	2018 £'000	2017 £'000
Total cost of employment:		
Wages and salaries	48,390	45,235
Social security costs	4,558	4,234
Other pension costs	1,615	1,370
	54,563	50,839

	2018 Number	2017 Number
Average number of employees		
Management and administration	341	348
Selling and distribution	109	102
Direct labour and production	1,499	1,333
	1,949	1,783

The defined benefit scheme is the Edward Billington & Son Limited Retirement Benefits Scheme. With effect from 1st September 2006 the scheme ceased to accrue further benefits for its active members, further details of which are given in note 25.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

6 Net interest paid

	2018 £'000	2017 £'000
Interest paid		
Bank interest	40	32
Loan interest	533	463
Finance leases	54	79
Net interest on defined benefit pension liability	69	173
	696	747
Interest received		
Bank interest	(30)	(38)
Other interest	(1)	-
	(31)	(38)
Associated undertakings		
Interest paid	1,120	756
Interest received	-	(1)
	1,120	755
Net interest paid	1,785	1,464

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

7 Taxation

7.1 Analysis of charge for period	2018		2017	
	£'000	£'000	£'000	£'000
Current tax:				
UK corporation tax on profit for the period				
Group companies	1,386		2,183	
Associated undertakings	516		402	
Foreign taxation				
Associated undertakings	91		838	
Withholding tax on overseas dividends	-		271	
Adjustment in respect of previous period				
Group companies	(64)		(228)	
Associated undertakings	6		(24)	
Total current tax		1,935		3,442
Deferred tax:				
Origination and reversal of timing differences				
Group companies	680		1,293	
Associated undertakings	(42)		(54)	
Total deferred tax		638		1,239
Tax on profit on ordinary activities		2,573		4,681
7.2 Factors affecting the current tax charge for the period				
		2018		2017
		£'000		£'000
Tax arising on profit on ordinary activities at the standard rate of corporation tax of 19% (2017 20%)		1,472		3,601
Effects of:				
Expenses not deductible for tax purposes		48		43
Depreciation and amortisation not deductible for tax purposes		1,107		1,198
Income not taxable		(74)		(23)
Higher tax rates on overseas earnings		10		98
Withholding tax on overseas dividends		-		271
Adjustment to reflect effective tax rate		-		(207)
Adjustment in respect of previous period		10		(300)
		2,573		4,681

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

8 Equity dividends of Edward Billington and Son Limited

	Pence per share	2018 £'000	Pence per share	2017 £'000
Paid during the period:				
Interim - paid 19th September 2017	44.40	826	38.60	718
Final - paid 9th February 2018	91.10	1,696	79.20	1,474
Waivers	-	(13)	-	(19)
Total dividends paid	135.50	2,509	117.80	2,173
Proposed for the period:				
Interim - paid 19th September 2018	44.40	826	44.40	826
Waivers	-	(4)	-	(6)
Final - payable 28th February 2019	64.00	1,191	91.10	1,696
Total dividends proposed	108.40	2,013	135.50	2,516

Dividends totalling 108.4 pence per share are proposed in respect of the period. The amounts proposed in respect of the previous period have been paid and are therefore deducted from reserves as shown in the Statement of Changes in Equity.

9 Intangible fixed assets

Group	Computer software £'000	Goodwill £'000	Total £'000
Cost			
At 4th September 2017	937	59,518	60,455
Additions	22	-	22
At 2nd September 2018	959	59,518	60,477
Amortisation			
At 4th September 2017	718	27,419	28,137
Amounts provided	47	4,575	4,622
At 2nd September 2018	765	31,994	32,759
Net book value			
At 2nd September 2018	194	27,524	27,718
At 3rd September 2017	219	32,099	32,318

Included in the group cost of goodwill of £59,518,000 is £5,000,000 attributable to brand valuations. The amount amortised since acquisition amounts to £2,288,461 (2017 £1,788,461).

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

9 Intangible fixed assets [Continued]

Company	Goodwill £'000
Cost	
At 4th September 2017 and 2nd September 2018	8,690
Amortisation	
At 4th September 2017	8,580
Amounts provided	110
At 2nd September 2018	8,690
Net book value	
At 2nd September 2018	-
At 3rd September 2017	110

10 Tangible fixed assets

Group	Land and Buildings £'000	Assets under Construction £'000	Plant £'000	Total £'000
Cost or valuation				
At 4th September 2017	32,624	4,425	80,883	117,932
Additions	2,790	2,661	5,032	10,483
Disposals	-	-	(1,814)	(1,814)
Transfers	2,872	(4,062)	1,190	-
At 2nd September 2018	38,286	3,024	85,291	126,601
Depreciation				
At 4th September 2017	17,569	-	53,695	71,264
Amounts provided	1,186	-	5,212	6,398
Released on disposals	-	-	(1,715)	(1,715)
At 2nd September 2018	18,755	-	57,192	75,947
Net book value				
At 2nd September 2018	19,531	3,024	28,099	50,654
At 3rd September 2017	15,055	4,425	27,188	46,668

The net book value of land and buildings includes £117,101 (2017 £117,101) of long-leasehold property and £6,577,382 (2017 £7,556,773) of short-leasehold property improvements. Land and buildings includes, where applicable, fixed plant which forms an integral part of the building structure.

Plant includes motor vehicles having a net book value of £3,040,415 (2017 £3,311,947).

The net book value of tangible fixed assets includes an amount of £2,674,462 (2017 £3,631,004) in respect of assets held under finance leases, and on which depreciation charged in the period was £588,412 (2017 £633,536).

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

10 Tangible fixed assets [Continued]

Company	Freehold Land and Buildings £'000	Plant £'000	Total £'000
Cost			
At 4th September 2017	142	638	780
Additions	-	73	73
Disposals	-	(7)	(7)
At 2nd September 2018	142	704	846
Depreciation			
At 4th September 2017	30	312	342
Amounts provided	-	99	99
At 2nd September 2018	30	411	441
Net book value			
At 2nd September 2018	112	293	405
At 3rd September 2017	112	326	438

11 Investments

Group	Investment properties £'000	Unquoted £'000	Associated undertakings £'000	Total £'000
Cost or valuation				
At 4th September 2017	400	400	26,317	27,117
Share of results	-	-	2,038	2,038
Exchange difference	-	-	(223)	(223)
Effects of share repurchase	-	-	(711)	(711)
Dividends paid	-	-	(588)	(588)
Revaluation	(50)	-	-	(50)
At 2nd September 2018	350	400	26,833	27,583

Associated undertakings

The share of associated undertakings' results represent the group's share of retained profits in Carrs Billington Agriculture (Sales) Limited and WSO Investments Inc, a wholly owned subsidiary of WSO Holdings LP, through which the investment is held.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

11 Investments [Continued]

Company Cost or valuation	Investment properties £'000	Unquoted £'000	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
At 3rd September 2017	400	400	1,319	71,450	73,569
Revaluations	(50)	-	-	-	(50)
At 2nd September 2018	350	400	1,319	71,450	73,519

The investment property was revalued by local property advisors having regard to the current condition of the property and current market conditions.

Should the investment property be sold at this market value, a tax liability of approximately £9,000 would arise. This amount is included within the deferred taxation provision.

12 Financial instruments

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	65,043	60,123	17,282	14,393
Equity instruments measured at cost less impairment	400	400	400	400
	65,443	60,523	17,682	14,793
Carrying amount of financial liabilities				
Measured at amortised cost	86,461	80,420	47,073	47,857

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

13 Stocks

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Raw materials	9,412	9,818	-	-
Goods for resale	17,879	15,885	-	-
	27,291	25,703	-	-

Amounts recognised in cost of sales during the period in respect of stock losses and obsolescence were £3,626,537 (2017 £3,271,265).

14 Debtors

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade debtors	31,104	33,262	238	177
Subsidiary undertakings	-	-	15,865	13,213
Associated undertakings	25,987	20,282	-	25
Other taxes	1,791	2,440	-	-
Other debtors	3,679	4,087	17	59
Prepayments and accrued income	2,993	3,184	393	439
Deferred taxation (see note 18)	-	-	43	385
	65,554	63,255	16,556	14,298

During the period there was a £145,762 impairment loss (2017 impairment loss reversal £146,307) recognised against trade debtors.

15 Creditors - amounts falling due within one year

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank overdrafts	17,537	9,440	481	852
Current instalments on loans	2,227	2,787	2,227	2,787
Finance lease obligations	673	851	-	-
Trade creditors	37,066	34,928	260	152
Subsidiary undertakings	-	-	27,520	23,697
Other taxes and social security costs	1,634	1,227	1,319	1,026
Corporation tax	407	945	-	-
Other creditors	3,143	3,013	2,730	2,700
Accruals and deferred income	12,282	12,327	1,182	1,639
	74,969	65,518	35,719	32,853

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

16 Creditors - amounts falling due after more than one year

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loans	12,703	14,930	12,703	14,930
Finance lease obligations	860	1,044	-	-
Other creditors	-	1,100	-	1,100
	13,563	17,074	12,703	16,030

The bank facilities are secured by way of fixed and floating charges over the assets of certain group companies.

The outstanding bank loans are secured and subject to variable interest rates, being 3.0% at 2nd September 2018.

Bank loans are repayable as follows:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Within one year	2,227	2,787	2,227	2,787
Between one to two years	2,040	2,227	2,040	2,227
Between two and five years	10,663	12,703	10,663	12,703
	14,930	17,717	14,930	17,717

17 Lease commitments

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Finance leases				
Amounts falling due:				
Within one year	673	851	-	-
Within two to five years	860	1,044	-	-
	1,533	1,895	-	-

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

17 Lease commitments [Continued]

Operating lease commitments

At the reporting date, outstanding commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:-

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Within one year	3,451	3,174	221	170
Within two to five years	7,304	7,923	640	609
After five years	4,815	4,910	-	61
	15,570	16,007	861	840

18 Deferred taxation

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Accelerated capital allowances	1,802	1,712	(12)	(6)
Revaluation surplus	9	18	9	18
Short term timing differences	(90)	(230)	(91)	(84)
Losses	(161)	(158)	-	-
Defined benefit pension liabilities	395	(704)	51	(313)
	1,955	638	(43)	(385)
At 4th September 2017	638	(921)	(385)	(1,152)
Profit and loss account	680	1,293	81	541
Statement of other comprehensive income	637	656	261	226
Acquired with subsidiary undertaking	-	(390)	-	-
At 2nd September 2018	1,955	638	(43)	(385)

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

19 Capital of Edward Billington and Son Limited

	Authorised		Allotted, called up and fully paid	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Ordinary shares of £1 each	2,350	2,350	1,042	1,042
2007 ordinary shares of £1 each	400	400	400	400
Preferred ordinary shares of £1 each (non-voting)	1,150	1,150	344	344
2014 Preferred ordinary shares of £1 each (non-voting)	100	100	75	75
	4,000	4,000	1,861	1,861

The preferred and 2014 preferred ordinary shares of £1 each are independently valued each year. It was reported at the company's Annual General Meeting held on 8th February 2018 that the valuation of these shares was £42.00 per share. The directors are advised that the recommended valuation of these shares be decreased to £34.50 per share following approval of these financial statements.

20 Reserves

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

Capital reserves - represents the nominal value of shares redeemed within the group together with other reserves established on the historic acquisition of subsidiaries.

Other reserve - represents the value of the funds held by the trustees of the Edward Billington & Son Employee Benefit Trust less the value of company shares held by the trust and the initial contributions made by the company.

Profit and loss account - includes all current and prior period retained profits and losses.

21 Non-controlling interests

Profit and loss account

The amount shown represents the profits for the period, after taxation, attributable to the investment in subsidiary undertakings held by non-controlling parties.

Balance Sheet

The amount shown represents the share of capital and reserves of subsidiary undertakings attributable to non-controlling parties at 2nd September 2018. The movement on the share of equity is summarised below:

	£'000
At 4th September 2017	10,501
Profit and loss account	1,777
Share of other comprehensive income	1,010
Dividends paid to non controlling interest	(588)
At 2nd September 2018	12,700

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

22 Capital commitments

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Contracted for but not provided in the financial statements	1,666	2,068	Nil	Nil

23 Contingent liabilities

Edward Billington and Son Limited has guaranteed the individual bank and loan facilities of certain subsidiary undertakings.

The group has, in the normal course of trade, given indemnities to third parties and entered into forward currency contracts. Other than amounts properly provided in the financial statements no additional liabilities are expected to arise from these transactions.

24 Profit of Edward Billington and Son Limited

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss account of the parent undertaking is not presented as part of these financial statements. The consolidated profit for the period incorporates the reported profit of £5,962,050 (2017 £10,341,581) in the financial statements of Edward Billington and Son Limited.

25 Retirement benefit schemes

25.1 Defined contribution schemes

The group operates a number of defined contribution pension schemes for qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.

The charge to profit or loss in respect of defined contribution schemes was £1,615,000 (2017 £1,370,000).

25.2 Defined benefit schemes

The group also operates two defined benefit pension schemes, the Edward Billington & Son Limited Retirement Benefits Scheme and the Carrs Billington Agriculture Pension Scheme. The assets of both schemes are administered by trustees, held separately from those of the group and are invested with financial institutions. Contributions are paid to the schemes in accordance with the recommendations of two independent qualified actuaries on the basis of triennial valuations using the attained age method of valuation.

The following table summarises the pension liabilities of the Edward Billington & Son Limited Retirement Benefits Scheme and the Carrs Billington Agriculture Pension Scheme detailed in notes 25.2.1 and 25.2.2 respectively which are reflected in aggregate on the group Balance Sheet.

	2018 £'000	2017 £'000
Edward Billington & Son Limited Retirement Benefits Scheme	(299)	1,679
Carrs Billington Agriculture Pension Scheme	(2,022)	2,299
(Surplus)/deficit in schemes	(2,321)	3,978

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

25 Retirement benefit schemes [Continued]

25.2.1 Edward Billington & Son Limited Retirement Benefits Scheme

The scheme was closed to new entrants on 1st February 2001 and with effect from 1st September 2006, the scheme ceased to accrue further benefits for its active members. An alternative defined contribution scheme has been implemented to replace it.

Contributions paid into the scheme during the period amounted to £592,800. The company has agreed to contribute £592,800 to the scheme during the period to 1st September 2019.

The liabilities of the scheme have been calculated by reference to the results of the 1st September 2018 full actuarial valuation. These have been updated for benefits paid out and changes to assumptions in the period to the balance sheet date, to determine the defined benefit obligation reported below.

Key assumptions	2018 %	2017 %
Discount rate	2.80	2.50
Expected rate of increase of pensions in payment	3.00	3.20
Pension increases - RPI max 5%	2.90	3.10
Mortality assumptions	2018 Years	2017 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.20	22.30
- Females	24.20	24.20
Retiring in 20 years		
- Males	23.60	23.70
- Females	25.70	25.70
Amounts recognised in the profit and loss account	2018 £'000	2017 £'000
Net interest on defined benefit liability	35	69
Other costs and income	17	17
Total costs	52	86
Amounts taken to other comprehensive income	2018 £'000	2017 £'000
Actual return on scheme assets	(874)	(1,314)
Less: Calculated interest element	471	443
Return on scheme assets excluding interest income	(403)	(871)
Actuarial changes related to obligations	(1,025)	(390)
Total income	(1,428)	(1,261)

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

25 Retirement benefit schemes [Continued]

25.2.1 Edward Billington & Son Limited Retirement Benefits Scheme [Continued]

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:	2018 £'000	2017 £'000
Present value of defined benefit obligations	17,877	22,095
Fair value of plan assets	18,176	20,416
(Surplus)/deficit in scheme	(299)	1,679
Movement in the present value of defined benefit obligations	2018 £'000	2017 £'000
Liabilities at 4th September 2017	22,095	24,563
Benefits paid	(3,699)	(2,590)
Actuarial gains	(1,025)	(390)
Interest cost	506	512
At 2nd September 2018	17,877	22,095
Movements in the fair value of plan assets	2018 £'000	2017 £'000
Fair value of assets at 4th September 2017	20,416	21,116
Interest income	471	443
Return on plan assets (excluding amounts included in net interest)	403	871
Benefits paid	(3,699)	(2,590)
Contributions by the employer	602	593
Other	(17)	(17)
At 2nd September 2018	18,176	20,416
Fair value of plan assets at the reporting period end	2018 £'000	2017 £'000
Equity instruments	12,047	12,525
Property	690	860
Debt instruments	4,115	4,112
Other	1,324	2,919
At 2nd September 2018	18,176	20,416

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

25 Retirement benefit schemes [Continued]

25.2.2 Carrs Billington Agriculture Pension Scheme

The scheme ceased to accrue further benefits for its active members with effect from 1st December 2007.

Contributions paid into the scheme during the period amounted to £2,000,004. The company has agreed to contribute £800,000 to the scheme during the period to 2nd September 2019.

The liabilities of the scheme have been calculated by reference to the results of the 31st December 2015 full actuarial valuation. These have been updated for benefits paid out and changes to assumptions in the period from 31st December 2015 to the balance sheet date, to determine the defined benefit obligation reported below.

Key assumptions	2018 %	2017 %
Discount rate	2.80	2.50
Expected rate of increase of pensions in payment	3.00	3.20
Expected rate of salary increases	2.10	2.30
Pension increases - RPI max 5%	2.90	3.10
Pension increases - RPI max 3%	2.30	2.50
Pension increases - RPI max 2.5%	2.00	2.20
Mortality assumptions		
	2018 Years	2017 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.20	22.30
- Females	24.20	24.20
Retiring in 20 years		
- Males	23.60	23.70
- Females	25.70	25.70
Amounts recognised in the profit and loss account		
	2018 £'000	2017 £'000
Net interest on defined benefit liability	34	104
Other costs and income	81	80
Total costs	115	184

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

25 Retirement benefit schemes [Continued]

25.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

	2018 £'000	2017 £'000
Amounts taken to other comprehensive income		
Actual return on scheme assets	(197)	(852)
Less: Calculated interest element	906	778
Return on scheme assets excluding interest income	709	(74)
Actuarial changes related to obligations	(3,145)	(2,111)
Total income	(2,436)	(2,185)
The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:	2018 £'000	2017 £'000
Present value of defined benefit obligations	34,771	38,197
Fair value of plan assets	(36,793)	(35,898)
(Surplus)/deficit in scheme	(2,022)	2,299
Movement in the present value of defined benefit obligations	2018 £'000	2017 £'000
Liabilities at 4th September 2017	38,197	40,793
Benefits paid	(1,221)	(1,367)
Actuarial gains	(3,145)	(2,111)
Interest cost	940	882
At 2nd September 2018	34,771	38,197
Movements in the fair value of plan assets	2018 £'000	2017 £'000
Fair value of assets at 4th September 2017	35,898	35,693
Interest income	906	778
Return on plan assets (excluding amounts included in net interest)	(709)	74
Benefits paid	(1,221)	(1,367)
Contributions by the employer	2,000	800
Other	(81)	(80)
At 2nd September 2018	36,793	35,898

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

25 Retirement benefit schemes [Continued]

25.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

	2018 £'000	2017 £'000
Fair value of plan assets at the reporting period end		
Equity instruments	9,331	12,307
Property	1,741	1,043
Debt instruments	17,556	19,051
Other	8,165	3,497
At 2nd September 2018	36,793	35,898

26 Operating entities

	Country of Incorporation	Percentage of equity held by the group
Agricultural division		
Subsidiary undertakings		
Carrs Billington Agriculture (Operations) Limited	England and Wales	51
Criddle & Co. Limited	England and Wales	100
Associated undertakings		
+ Carrs Billington Agriculture (Sales) Limited	England and Wales	49
UK Foods division		
Subsidiary undertakings		
Billington Foodservice Limited (formerly Bar Foods Limited)	England and Wales	100
Billington Food Ingredients Limited	England and Wales	100
English Provender Company Limited	England and Wales	100
Dickens 2014 Limited	England and Wales	100
TSC Foods Group Limited	England and Wales	100
Sauceinvest Limited	England and Wales	100
TSC Foods Limited	England and Wales	100
Dunkleys Limited	England and Wales	100
International Foods division		
Associated undertakings		
+ WSO Holdings LP (note 11)	U.S.A.	30.07
Property company		
Rhopode Limited	England and Wales	100

+ Indicates companies audited other than by Mitchell Charlesworth LLP.

Edward Billington and Son Limited and Subsidiaries

Notes to the Financial Statements [Continued]

For the 52 week period ended 2nd September 2018

27 Related party transactions

Included in other creditors is £1,361,307 (2017 £1,546,311) due to the directors at 2nd September 2018.

Interest charged on these amounts during the period was £14,720 (2017 £15,563).

Other loans from shareholders amounted to £284,987 (2017 £244,127) on which interest of £3,264 (2017 £5,167) is payable.

The group has a 49% interest in Carrs Billington Agriculture (Sales) Limited, the remainder of whose shares are owned by Carr's Group PLC.

Carr's Group PLC and its subsidiary, Carrs Billington Agriculture (Sales) Limited, entered into the following material transactions with the group during the period and had outstanding balances as follows:

2nd September 2018	Sales £'000	Purchases £'000	Creditors £'000	Debtors £'000
Carr's Group PLC	-	268	19	-
Carrs Billington Agriculture (Sales) Limited	114,957	146	-	25,057
	Sales £'000	Purchases £'000	Creditors £'000	Debtors £'000
3rd September 2017				
Carr's Group PLC	-	110	19	-
Carrs Billington Agriculture (Sales) Limited	98,336	195	16	19,326

28 Cash generated from operations

	2018 £'000	2017 £'000
Profit for the period after tax	5,173	13,322
Adjustments for:		
Taxation charged	2,573	4,681
Net finance costs	1,785	1,464
Share of results of associates	(3,729)	(5,965)
Gain on disposal of associated undertaking	-	(16)
Gain on disposal of tangible fixed assets	(18)	(122)
Impairment of investment property	50	-
Amortisation and impairment of intangible assets	4,622	5,140
Depreciation of tangible fixed assets	6,398	6,120
Defined benefit pension contributions	(2,504)	(1,297)
Movements in working capital:		
(Increase)/decrease in stocks	(1,588)	(4,590)
(Increase)/decrease in debtors	(2,299)	(4,526)
Increase/(decrease) in creditors	1,530	3,449
Cash generated from operations	11,993	17,660