Annual Report & Financial Statements

YEAR ENDED 31 DECEMBER 2023

Billington Holdings Plc

Welcome to our Annual Report

I believe Billington is increasingly being seen as the steel work contractor of choice

Billington Holdings Plc (AIM: BILN) ("Billington" or the "Company" or the "Group"), one of the UK's leading structural steel and construction safety solutions specialists, is a UK based Group of companies focused on structural steel and engineering activities throughout the UK and European markets. Group companies pride themselves on the provision of high technical and professional standards of service to niche markets with emphasis on building strong, trusted and long-standing partnerships with all of our clients.

https://billington-holdings.plc.uk

Billington delivered a **RECORD PERFORMANCE IN 2023** with strong trading across the Group

Revenue **increased by 53.0% to £132.5 MILLION** (2022: £86.6 million)

The Group achieved a **significant increase in profits**, with profit before tax of **£13.4 MILLION** (2022: £5.8 million)

Strong cash balance of **£22.1 MILLION** at year end (31 December 2022: £11.6 million) and **THE GROUP IS NOW DEBT FREE**

Dividend recommended of **33 pence per share**, which should be seen as an ordinary dividend of **20 pence per share** and as an additional exceptional amount of **13 pence per share**, reflective of the **outstanding performance** of the Group in the year (2022: 15.5 pence per share, all relating to an ordinary dividend)

"2023 was an exceptional year for Billington, with an excellent trading performance across the Group, despite continuing macroeconomic challenges and against the backdrop of demand for structural steel in the UK remaining at a similar level to 2022. I believe Billington is increasingly being seen as the steel work contractor of choice and the growth in Billington's market share in 2023 is particularly noteworthy. Whilst there inevitably remain further challenges ahead and market uncertainties are likely to remain for some time, the Group has made significant investments for the future and currently has a record order book. I am therefore confident that with our strong balance sheet and order book Billington will continue to perform well and in line with current market expectations."

Mark Smith
Chief Executive Officer

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Chairman's Statement

> 2023 was an exceptional year for Billington

2023 was an exceptional year for Billington, with an excellent trading performance across the Group.

In 2023 revenue increased by 53 per cent to £132.5 million (2022: £86.6 million) with profit before tax increasing to £13.4 million (2022: £5.8 million), reflecting strong trading across the Group and the benefit of improved manufacturing efficiencies from our capital investment programme across all the Group's production facilities, combined with the successful delivery of a number of high quality contracts. The Basic Earnings Per Share ("EPS") for the year amounted to 84.4 pence compared with 39.1 pence in 2022. Our balance sheet strengthened further with Net Assets of £47.8 million at 31 December 2023 (2022: £34.3 million), with a continuing strong gross cash balance of £22.1 million at 31 December 2023 (31 December 2022: £11.6 million), as working capital unwound from the middle of the year, as expected.

Billington Structures performed exceptionally in 2023, driven by a number of high value contracts across a variety of sectors including high tech manufacturing, data centres, energy from waste, distribution and commercial office developments. The business also benefited from the Group's capital investment strategy and focus on efficiency improvements enabling increased capacity and higher margins. The business is well set for the future with steel prices softening to nearer long-term average rates and more market stability being experienced. As announced on 22 March 2024, the Group has recently won contracts with a combined value of approximately £90 million, to be delivered over the next 24 months, providing further confidence for the future.

Peter Marshall Steel Stairs continued the strong performance seen over the past three years, recording record revenues for the year. Whilst the business continued to face challenging market conditions, it retained robust margins by focusing on contracts where a profitable performance could be achieved. The Company 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 faced a challenging period in 2023, although it remained a significant contributor to Group profits. Significant investment has been made in the business, with additional people resource added and a product refurbishment and product development programme being undertaken. Easi-Edge remains a profitable market leader and is well placed for the future.

Hoard-it enjoyed a record year in 2023, as it continued to expand and diversify its offerings. The business is increasingly being seen as the hoarding supplier of choice and it is now established as one of the leading suppliers in its markets. With the expanded Brand-it offering complementing Hoard-it, the business is well placed for the future and has made a good start to 2024.

Specialist Protective Coatings (SPC), formed in March 2022, has proved to be an excellent addition to the Group, focused on surface preparation and the application of protective coatings for products across a variety of sectors. The significant capital expenditure programme undertaken to ensure the business had the ability to thrive and grow was completed in 2023. SPC's performance was ahead of management's expectations in 2023 and it enjoyed its first year of profitability. With SPC operating at full capacity for the foreseeable future we expect it to continue to deliver a strong performance.

The Group has secured a number of significant contracts for 2024, and beyond, and is well placed to take advantage of the wide-ranging further opportunities within our strong pipeline.

> My thanks to the whole Billington team for their contribution in 2023

Dividend

In the first half of 2023 Billington declared a final dividend in relation to the year ended 31 December 2022 of 15.5 pence per share amounting to £1.9 million, which was 2.52 times covered by 2022 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 pleased to be recommending an increased final dividend of 33.0 pence per share for 2023, which is covered 2.56 times by earnings. The dividend should be seen as an ordinary dividend of 20 pence per share and an additional exceptional amount of 13 pence per share due to the outstanding performance of the Group in the year.

The dividend will be paid on 2 July 2024, subject to shareholder approval at the Company's AGM expected to be held on 4 June 2024. The associated ex-dividend date will be 6 June 2024 with a record date of 7 June 2024. No interim dividend for 2023 was declared (2022: nil), a policy consistent with prior years.

Board

John Gordon retired as an Independent Non-Executive Director of Billington at the AGM in June 2023. John had been a Non-executive Director since 2007 and 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.

Lyndsey Scott was appointed as an independent Non-Executive Director with effect from 1 September 2023. Lyndsey has brought a wealth of HR and people management experience to the Group and has previously worked across a range of sectors, both in the UK and internationally. Lyndsey has experience as a Non-Executive Director as well as being a member of remuneration, audit and nomination committees with James Cropper Plc, an AIM traded company. Lyndsey has assumed the chair of the Company's Remuneration Committee since her appointment.

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 2023.**

The Group continues to work hard to address the industry wide challenges in recruiting sufficient skilled labour. In 2023 the Group expanded its partnership with Betterweld, a specialist training provider, together with working in partnership with other local education providers. However, as stated in the last annual report it became necessary for the Group to recruit from overseas to have sufficient skilled labour to ensure productive capacity is increased and profitability maximised. The overseas recruitment programme was concluded in 2023, at least for now, with an additional 25 staff members joining during the year. The new employees 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 increases in the cost of living are being experienced and continues to actively promote its apprenticeship and graduate schemes.

ESG

Billington believes that operating in a sustainable and responsible manner is key to the growth and success of the Group. The Group has an established Environmental, Social and Governance ("ESG") committee to identify, develop and implement carbon reduction projects, together with ensuring the Group's social impact is maximized through the delivery of a wide range of social projects.

Chairman's Statement (continued)

In September 2023, the Company's largest subsidiary, **Billington Structures, was certified as 'carbon neutral'** for its operations, by Carbon Neutral Britain, following their audit of Billington Structures' emissions and carbon dioxide offsetting programme. Following carbon reduction initiatives across the Group, I am pleased to report that all of the Group's businesses are now certified as carbon neutral. Billington is committed to achieving, as a minimum, the goal set by SBTi (Science Based Targets Initiative), of a 50% carbon emissions reduction by 2030 and net zero by 2050. There is a significant global initiative to ensure 'clean steel' and Billington are proud to be a member of SteelZero, a global standards and certification initiative designed to deliver environmentally responsible production of steel and speed up the transition to a net zero steel industry.

During 2023 the Group moved to using electricity procured from 100 per cent green energy with a REGO accredited zero per cent emissions factor. The vehicle fleet is increasingly electric, reducing carbon emissions by approximately 15% annually, and further planned reduction activities include the introduction of Biofuel (HVO) across factories and site-based activities. Additionally, 1,770 tonnes of CO_2e emissions have been offset via the Woodland Fund™ portfolio of verified carbon offsetting projects. Billington also maintains the 'Gold Standard' awarded by the British Constructional Steel Association for meeting the requirements of the 'Steel Construction Sustainability Charter'.

Economic Outlook

During the year a degree of stability returned on the supply side and the Group experienced none of the supply issues seen over the last few years. There was some softening in steel prices, which has assisted margins in the short term and energy costs were lower than anticipated at the start of the year. This stability is expected to remain during 2024.

The Group continues to benefit from significant projects in energy from waste, high-tech manufacturing, infrastructure and data centre facilities, where activity has returned to, or exceeded, pre-Covid-19 pandemic levels. However, some of the markets in which Billington operates continue to see reduced levels of activity from historic levels, particularly large office developments, and industrial warehousing development, with less speculative development being undertaken.

The overall consumption of structural steelwork in the UK in 2023 remained at a similar level to 2022. However, certain markets were more buoyant than others, with the consumption of structural steelwork in industrial buildings falling by 2.2 per cent and for commercial offices rising by 6.8 per cent. The overall market is expected to see a reduction in demand in 2024 of approximately 5 per cent, before stabilising and returning to growth in 2026. Sector market forecasts continue to be subject to revision as the impact of wider macroeconomic factors are assessed, with potential reductions in interest rates expected to have a positive impact on demand.

We are conscious that many of the main construction contractors continue to operate under significant pressure, with a number ceasing business in 2023, and the Group has experienced deferred and cancelled contracts. The Group insures its exposures with the maximum available cover, in an increasingly difficult credit insurance market, and focuses on projects with the more robust larger contractors that can deliver an appropriate margin. We have a comprehensive process in place to assess the risks associated with individual projects on a case-by-case basis to reduce and mitigate these associated risks where possible.

Current Trading and Outlook

Billington enjoyed an exceptional year in 2023 with strong trading across the Group and benefits being seen from the Group's capital investment programme and innovative approach. Whilst there inevitably remain further challenges ahead and macroeconomic uncertainties are likely to remain for some time, we are seeing a consistent stream of opportunities at sustainable margins, and with a strong balance sheet and a record order book, I believe Billington is well placed to deliver a strong performance again in 2024.

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

Ian Lawson
Non-Executive Chairman
15 April 2024

Group Strategy

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

Billington strives for continuous improvement in all aspects of its operations to ensure we harness the energy of our people and deliver for our repeat clients in a safe, economic and sustainable manner, enabling the value for our shareholders to be maximised.

The Company has adopted five key pillars to its strategy that will remain the focus of the business to drive shareholder value. **The five key pillars, or '5 P's'**, are focussed on developing, progressing and managing the areas that can add value and protect our business, and are set out below:

People

- To ensure a safe working environment and drive our safety culture forward
- To actively promote and encourage the next generation of people into our exciting industry
- To harness individuals energy, ambition and core skills
- To develop, motivate and inspire the next generation of people into and within our business
- To evolve a diverse, inclusive and thriving workforce

Properties

- To ensure value is driven from our facilities
- To maintain a cost base to allow manufacturing margins to be optimised
- To ensure manufacturing capabilities are appropriate to service the needs of our clients, projects and markets
- To have appropriate infrastructure to provide our businesses the ability to grow and prosper

Product

- To provide a quality product using a right first-time philosophy
- To innovate and drive technological improvements across the businesses
- To challenge the status quo of manufacturing techniques in our industry
- To learn from our mistakes in an open, constructive and inclusive way

Position

- To be the partnered steelwork contractor of choice in the UK for major projects
- To seek and expand the Group's operations to provide construction solutions to our clients
- To actively identify, target and partner with clients on large projects to maximise collective value
- To expand operations into markets which can add value to the business and provide economic resilience
- To deliver long term sustainable returns and growth to our shareholders

Planet

- To operate with environmental considerations at the forefront of all operational decisions
- To support, encourage and take an active involvement in the UK's structural steelwork industry's drive for carbon reduction
- To ensure the company proactively seeks areas for energy reduction and operational efficiencies
- To reduce waste through proactive engagement with clients, optimum engineering and partnerships with the supply chain

Operational Review

Revenues increased by 53% to £132.5 million for the year

2023 was an exceptional year for the Group as a number of high-quality contracts were secured at improved margin levels. The Group's revenues increased by 53.0 per cent to £132.5 million for the year (2022: £86.6 million) despite the overall UK structural steel market remaining at a similar level to 2022. This growth in Billington's market share is particularly pleasing and I believe places the Group in an even stronger position for the future.

Despite margin pressures remaining across the industry, profit before tax increased by 131.0 per cent to £13.4 million (2022:£5.8 million), resulting in the highest levels of revenue and profits ever achieved by the Billington Group and ahead of our expectations at the start of the year. The Group is also now debt free, having repaid the remaining modest outstanding debt in January 2023.

Whilst we are mindful of the uncertain macroeconomic environment and continuing margin pressures, the Group is enjoying significant benefits from the improved manufacturing efficiencies arising from the deployment of its capital investment programme across all the Group's production facilities, together with increases in skilled labour and the services the Group is able to offer.

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, allowing for the supply of value added, complementary products and services enhancing the comprehensive offering of the Group.

The Group's structural steel businesses had an exceptional 2023, with many of the projects undertaken being at higher margins than those achieved in 2022. The business continues to serve a wide variety of markets, with a good portfolio of customers. Particularly strong demand is being seen in the energy from waste, high-tech manufacturing, infrastructure and data centre sectors. Whilst large office developments remain limited and industrial warehousing development has slowed, Billington Structures continued to secure contracts in these areas.

These higher margin 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 and a softening in steel prices, with a return to nearer historic norms, aiding the enhancement of margin on some projects.

The larger projects undertaken by Billington Structures during 2023 included:

- **Westfield EfW (Scotland)** – energy from waste
- **University of Huddersfield** – education
- **Circle Square (Manchester)** – commercial offices
- **Arle Court (Cheltenham)** – infrastructure
- **LON1 (Slough), LON4 (Hayes)** – data centres

It is pleasing to note that again some of the Company's complex and challenging projects were recognised in some of the industry's prestigious awards. This included the New Bailey project in Manchester being awarded 'The Best Large Project Award' at the iStructE Northwest Structural Engineering Awards 2023.

Further large items of capital equipment were purchased for Billington Structures in 2023, including two saw and drill line replacements, one in the Wombwell facility and the other in Bristol. In December 2023 orders were also placed for additional state of the art equipment, including a plate laser machine for Wombwell and a drill cope for Shafton. In making these purchases we are seeking to capitalise on new developments to further improve both efficiency and customer service, whilst ensuring the business is well placed for the future.

Billington Structures has a strong order book for 2024 and into 2025, including the £90 million of contracts announced in March 2024, and is seeing additional significant future project opportunities at improving margins. Whilst the outlook for certain sectors is uncertain and a slight market softening is expected in 2024, the future prospects for Billington Structures are encouraging.

Specialist Protective Coatings

Specialist Protective Coatings ("SPC") was formed in March 2022 following the Company's acquisition out of administration of the trading assets of Orrmac Coatings Ltd. SPC is focused on surface preparation and the application of protective coatings for products across a variety of sectors including rail, highways, defence, water, petrochemical, energy, structural steel and infrastructure.

Since its formation, SPC based in a 55,000 square foot facility in Sheffield, has undergone a substantial refurbishment and investment programme to ensure the facility is able to effectively service the most demanding of projects, including shotblasting and lifting capabilities for steel assemblies that are amongst the largest in the UK. This programme was substantially completed in 2023 and the business is now fully integrated within the Group, servicing both internal Billington work and external customers.

During the year SPC operated at near full capacity, trading ahead of management's expectations and was profitable over the full year. In addition, the Group has further expanded its dedicated on-site painting service to enable SPC to be a one-stop-shop for the painting requirements of the structural steel sector. SPC currently has a strong pipeline of work and is expected to be operating at maximum capacity during 2024.

Notable projects undertaken in 2023 included:

- **Skelton EfW (Leeds)** – energy from waste
- **LON4 (Slough)** – data centres
- **Traps and handling frames** – oil and gas
- **Pipework** – infrastructure
- **Surge vessels** – infrastructure

Operational Review (continued)

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 to produce a strong performance during the year, again recording record revenues and maintaining robust margins, undertaking substantial work alongside Billington Structures and for third parties. The business has maximised its capacity during the year, focusing on efficiency to realise its full potential.

Contracts were secured from a variety of sectors, and notable projects undertaken by Peter Marshall in 2023 included:

- **1 Leadenhall (London)** – commercial offices
- **Eastbrook Studios (Dagenham)** – film studios
- **Crown Packaging (Peterborough)** – food production
- **British Steel (Saltburn)** – manufacturing / distribution
- **Next (Rotherham)** – distribution

The outlook for Peter Marshall Steel Stairs continues to be positive and the business has a strong order book for 2024.

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 faced ongoing challenges in 2023, with a continued limited number of projects in those sectors, such as commercial office developments, that require a greater amount of product when compared to most other types of projects, such as distribution warehouses, although the business remained a contributor to Group profits. Additional resource has been added to the business to maximise its potential and it retains its market leading position. A project refurbishment and development programme is being undertaken, with new barrier technologies being explored, to ensure the business is appropriately positioned to secure available projects.

Significant projects undertaken by Easi-Edge in 2023 included:

- **City Labs (Manchester)** – medicine and health innovation hub
- **Vantage Data Centre (London)** – data centres
- **Animate Cinema Complex (Preston)** – leisure
- **Council Offices (Blackpool)** – commercial offices
- **Worrall Street (Salford)** – residential development

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.

Hoard-it had a record year in 2023, operating at near full capacity for much of the year and benefiting from the Group's investment in stock levels in advance of anticipated demand, enabling rapid deployment of its solutions. It continued to take advantage of its industry leading position, with further product development, diversification, and expansion. The business is now established as one of the leading suppliers in its sector and is increasingly being seen as the supplier of choice, both in commercial and residential developments.

During the year Brand-it's graphics solutions were expanded. This is a value added, margin enhancing product, that has also been a catalyst for the strong performance. In particular, it has enabled the business to be increasingly attractive for residential developments.

Significant projects were undertaken for both new and existing customers and notable projects in 2023 undertaken by Hoard-it:

- **Baker Hicks** (Scotland)
- **Vincent Wyles** (Coventry)
- **Canvey Island** (Essex)
- **Secret Cinema** (Birmingham)
- **NOMA** (Manchester)

Whilst material price inflation continued to be experienced in the early part of the year, a softening of material costs later in the year, in particular timber, gives further confidence that margins can be enhanced in 2024. The positive momentum seen in 2023 has continued into the current year with a good pipeline of new business for 2024. Further product development and diversification is planned together with continued expansion of 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. In order to address these issues, the Group has both expanded its schemes 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, and the Group has provided support to the regional education sector through collaborations with Barnsley College, Bath College, the University of Sheffield and Sheffield Hallam University. 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 has expanded its partnership with Betterweld, a specialist training provider, to provide fabrication/welding training in Bristol, as well as for its two Barnsley based facilities. This partnership is providing increasing access to trained personnel on a consistent basis through the structured training and development programme. Internally, the Billington Academy continues to assist apprentices and other staff with training and upskilling, including business best practice and compliance training.

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, promoter, 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 became 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 22 staff members were recruited from overseas and an additional 25 staff members joined from overseas in 2023. The overseas recruitment programme has now been concluded for the present time. These highly skilled fabricators, welders and technical staff, have proved to be a strong asset for the business, being deployed in Billington Structures, Shafton Steel Services, Peter Marshall Steel Stairs and Group services.

Operational Review (continued)

In light of the cost of living crisis and the want to support our employees the decision was taken to bring forward the annual pay review planned for 1 January 2024 to July 2023. In July 2023 the **Group awarded a record 7.5 per cent pay increase** to its staff, together with a year-end £1,000 bonus to recognise the employee contribution to delivering an exceptional Group performance.

Average staff numbers in 2023 increased by 12.7 per cent, with 463 employed at the year end. We expect staff numbers to remain broadly at this level in 2024.

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 to 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 other's staff. **In 2023 a new behavioural safety programme was rolled out 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 and we were pleased to report in September 2023 that Billington Structures was certified as 'carbon neutral' for its operations, by Carbon Neutral Britain, following their audit of Billington Structures emissions and carbon dioxide offsetting programme. Following this I am pleased to report that all of the Group's businesses are now certified as carbon neutral.

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 ended in 2023. On renewal there was an increase in Group costs, but the impact on Group profitability is significantly less than that caused by material price changes. All energy contracts entered into by Group companies are, since May 2023, now on 'green' tariffs that include carbon offsetting. We are also focused on reducing energy usage where possible, altering or replacing machinery where appropriate, and utilising hybrid, electric and biofuel vehicles. Steel Zero, a commitment to become carbon neutral and employ a responsible steel sourcing strategy was joined in 2022 as part of the Group's journey to be a leader in driving carbon reduction initiatives.

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. Further investments were made in this area 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 2023, Billington donated to charities including Cancer Research UK, Barnardo's, Oxfam and Mind, 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. Every year the Billington team is asked to choose a charity they would like to see the Group support and the Group's charity of the year for 2023 was Cancer Research UK.

Steel and Wider Construction Industry

Following the significant increases in steel prices experienced over recent years, there was a softening in prices during the early part of 2023, before stablising over the remainder of the year and into 2024.

The UK continues on its journey to become net zero by 2050. The UK steel industry is expected to undergo a transformational change over the coming years as domestic steel producers transition from blast furnace virgin steel production to electric arc recycled steel production, supported by the UK Government. The decommissioning of domestic blast furnaces and subsequent replacement of lower emitting electric arc furnaces is not anticipated to significantly impact the availability of the primary products the Group utilises.

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. The Company has a forward thinking strategy, with hedging undertaken in times of price stability or rising prices, coupled with appropriate stockpiling of steel, to enable most project's principal pricing risk to be covered. Although, over the longer-term, any 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.

The Company communicates fully and openly with customers regarding costs of work undertaken and provides 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 continued implementation of a 'no retention' policy. The Group is also actively working with trade bodies to seek to remove all cash retentions in the industry.

Strategy, Investment and Acquisitions

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 and adding additional headcount where appropriate. The benefits of this strategy have been seen in the increased capacity and improved operating margins achieved in 2023 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. 2023 was the third year of the Group's five-year capital replacement programme and further capital expenditure is expected in 2024 and 2025, before reducing to lower levels.

We continue to assess acquisition opportunities as they are presented and the Company's strong balance sheet provides the ability for the Group to undertake complimentary acquisitions. In addition, post the year end, the Group has entered into an agreement with HSBC, the Company's bankers for a £6.0 million Revolving Credit Facility (RCF) for three years to provide enhanced flexibility to capitalise on acquisition opportunities should suitable and appropriate prospects be identified.

Prospects and Outlook

2023 was an exceptional year for Billington as the benefits of the Group's investment in efficiency improvements and people, coupled with the Group's strong market position and increased offering, enabled the Group to grow market share, achieve higher than historic margins and to focus on those sectors that can deliver better returns.

Whilst the macroeconomic background remains uncertain, and some market softening is expected in 2024, **Billington is a robust business, with a strong market position**. With the recent large contracts secured, the Group currently has a record order book and coupled with the Group's strong balance sheet and a committed workforce I believe that Billington is very well positioned to continue to perform well in line with current market expectations.

> I would like to thank Billington's Board, shareholders and all stakeholders for their continued support, and in particular I would like to thank the Billington workforce for their hard work and dedication.

Mark Smith
Chief Executive Officer
15 April 2024

Key Performance Indicators

REVENUE (£'M)

Measure
Revenue generated from operating activities in the financial year.

Target
To increase revenue by expanding the scale and quality of our operating businesses both organically and through strategic acquisitions.

Progress
Revenue increased 53.0 per cent year on year as a result of increased output across both trading segments of the Group.

2021	2022	2023
82.7	86.6	132.5

PROFIT BEFORE TAX (£'M)

Measure
Profit before tax.

Target
To deliver sustainable growth in profit before tax.

Progress
Profit before tax increased 131.0 per cent to a record £13.4m.

2021	2022	2023
0.2	5.8	13.4

OPERATING PROFIT MARGIN (%)

Measure
Operating profit divided by revenue.

Target
To deliver sustainable growth in operating margins.

Progress
Underlying operating margins increased to a record 10.0 per cent in the year as a result of reductions in raw material prices, further capital expenditure efficiency gains and higher output as a result of increased direct labour within all the Groups facilities.

2021	2022	2023
1.6%	6.8%	10.0%

CASH AND CASH EQUIVALENTS (NET) (£'M)

Measure
Cash and cash equivalents comprise cash on hand and demand deposits, net of borrowings.

Target
To maintain a strong financial position with sufficient capacity in our capital structure to enable continuing investment in the business with the ability to act swiftly when aquisition opportunities arise.

Progress
The strong cash position leaves the Group well placed to achieve both its short and long-term objectives to maximise returns, while providing financial security and providing the ability to invest and seek opportunities for diversification.

2021	2022	2023
10.4	11.6	22.1

RETURN ON CAPITAL EMPLOYED (ROCE) (%)

Measure
ROCE is calculated as the annualised operating profit divided by average net assets, adjusted for cash and defined benefit pension scheme.

Target
To deliver growth in ROCE to increase shareholder value.

Progress
Shareholder value has continued to increase with increasing returns being generated from the Group's cost base.

2021	2022	2023
1.4%	29.7%	57.4%

BASIC EARNINGS PER SHARE (EPS) (PENCE)

Measure
Details of the calculation of EPS are included in note 7.

Target
To deliver growth in EPS to increase shareholder value.

Progress
Basic earnings per share increased 115.9 per cent.

2021	2022	2023
0.6p	39.1p	84.4p

DIVIDENDS PER SHARE

Measure
Total dividend declared divided by the number of shares at the year end.

Target
Continue to provide consistent return to shareholders through regular dividends. Dividend cover (EPS divided by dividends per share) of between 2.3 to 2.7.

Progress
An exceptional dividend of 13 pence per share on top of an underlying dividend of 20 pence per share delivering a record return to shareholders.

2021	2022	2023
3.0p	15.5p	33.0p

ACCIDENT FREQUENCY RATE (OWN EMPLOYEES) (AFR)

Measure
AFR is the number of reportable injuries per 100,000 hours.

Target
To remain below the industry average of 0.3.

Progress
Continued implementation of a behavioural safety programme has contributed to improved health and safety performance across the Group.

2021	2022	2023
0.57	0.22	0.10

Financial Review

£132.5 million
Revenue

£13.4 million
Profit before tax

10.0%
Operating profit margin

£10.5 million
Net cash inflow

£22.1 million Cash and cash equivalents

84.4p
Earnings per share from continuing operations

Consolidated Income Statement

	2023 £'000	2022 £'000
Revenue	132,495	86,614
Operating profit	13,246	5,911
Profit before tax	13,388	5,829
Profit after tax	10,325	4,734
Profit for shareholders	10,325	4,734
Operating profit margin	10.0%	6.8%
Return on capital employed*	57.4%	29.7%
Earnings per share (basic)	84.4p	39.1p

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

Revenue increased 53.0 per cent year on year as a result of increased output across both trading segments of the Group. Structural Steel output increased 55.9 per cent and output related to Safety Solutions increased 2.9 per cent, primarily related to additional site hoarding provided through Hoard-it.

The Structural Steel segment relates to the Billington Structures, Peter Marshall Steel Stairs and Specialist Protective Coatings entities. Activity across the segment was materially higher than in the prior year with a large number of significant contracts being completed in the period. 2023 and 2022 has noted significant increases in direct labour both from the UK and overseas allowing the entities to expand their productive capacities and enhance the recovery of overheads resulting in improved margin returns.

Forecasts indicate that the consumption of structural steelwork within the UK in 2023 remained consistent with 2022 with an output of some 893,000 tonnes. The Group notes an increase in market share during the year with significant increases in output in a consistent market.

The company has secured a number of significant contracts in 2024 for delivery in 2024 and 2025. A record orderbook is noted and further supports that Billington is becoming the steelwork contractor of choice for its clients.

Sector market projections indicate that consumption will reduce by 4.9 per cent to 849,000 tonnes in 2024 before returning to growth with a forecast 1.1 per cent increase to 858,000 tonnes in 2025 and a further 1.7 per cent to 873,000 tonnes in 2026. The consistent increases in UK Bank of England interest rates in 2023 has suppressed the UK construction sector. Forecast stabilisation, and potential reductions in interest rates towards the second half of 2024 is anticipated to have a positive impact across the sector and allows the Company to look forward with optimism.

Underlying operating margins increased to a record 10.0 per cent in the year as a result of reductions in raw material prices, further capital expenditure efficiency gains and higher output as a result of increased direct

labour within all the Groups facilities. Furthermore, energy costs incurred were below that anticipated at the start of year as the energy market stabilised and latterly has seen material declines to the wholesale prices. The operating margin achieved within the Safety Solutions entities declined to 13.8 per cent (2022: 22.3 per cent) as a result of reduced volumes of output in the Easi-Edge business relating to the depressed commercial office sector combined with raw material inflationary price pressures in the Hoard-it business. The operating margin achieved within the Structural Steelwork entities represented a significant improvement against the prior period, at 10.5 per cent (2022: 5.8 per cent).

Underlying earnings per share increased from 39.1 pence in 2022 to 84.4 pence in 2023 representing an increase of 115.9 per cent.

As a result of high activity throughout the year cash management and prudent utilisation was a primary focus. Significant activity towards the latter part of the first half of the year realised into cash by the year end. The gross cash balance at the year end was £22,084,000 (2022: £11,634,000). The average gross cash balance during the year was £9,168,000 (2022: £7,890,000). The strong cash position leaves the Group well placed to achieve both its short and long-term objectives to maximise returns, while providing financial security and providing the ability to invest and seek opportunities for diversification.

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.

Since the year end the Group has entered into an agreement with HSBC, the Company's bankers for a £6.0 million RCF facility for 3 years to provide enhanced flexibility to capitalise on acquisition opportunities should suitable and appropriate prospects be identified.

Average staff numbers in 2023 increased 12.7 per cent to 454 following a rise of 8.3 per cent in 2022, with an overall rise in staff costs of 31.1 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 463 and is anticipated to remain consistent throughout 2024.

In light of the cost of living crisis and the want to support our employees the decision was taken to bring forward the annual pay review to July and award a record increase to its staff. The workforce is the lifeblood of the business ensuring a motivated and settled environment allows the company to positively seek to further build upon the most successful period in the Billington era.

The business maintains credit insurance on its customers where available at commercial rates. In light of the recent challenging macro economic environment, combined with high levels of inflation, some contractors have had a number of poorly performing contracts resulting in a negative financial performance. Consequently, the level of insurance in the market has noted reductions in the limits being underwritten.

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.

Financial Review (continued)

Consolidated Balance Sheet

	2023 £'000	2022 £'000
Non current assets	27,814	21,902
Current assets	53,782	38,774
Current liabilities	(29,116)	(22,506)
Non current liabilities	(4,642)	(3,823)
Total equity	47,838	34,347

As part of the capital investment programme across the Group two further significant capital expenditure projects were completed relating to the replacement of saw/drill lines at two of the Groups facilities. The Group's 5-year capital investment strategy relating to the upgrading and enhancement of the principal pieces of equipment is yielding positive results and with two years remaining will note the replacement cycle principally complete. Two further orders for major pieces of machinery were placed towards the conclusion of the year with installation anticipated in the first half of 2024.

Within the Autumn statement the Chancellor confirmed the permanent extension of enhanced capital allowances. The timing of the capital expenditure strategy will allow the company to maximise the benefit related to the claiming of its capital allowances associated with its extensive investments in new plant and machinery.

The decision was taken during the year to revalue the Group's properties, in order that they reflect current market value. As a result, revaluation gains totalling £5,868,000 have been recognised.

Within non-current assets, property, plant and equipment increased by £6,065,000, represented by capital additions of £2,927,000, revaluation of freehold properties of £5,868,000, depreciation charges of £2,215,000, impairment charges of £372,000 and net disposals of £143,000.

The defined benefit pension scheme has performed well in the period against a backdrop of continued difficult equity and bond markets. At the year end, a surplus of £1,871,000 along with a corresponding deferred tax liability of £468,000 has resulted in a net recognised surplus of £1,403,000 (2022: £1,630,000). The scheme was closed to future accrual in 2011.

The net deferred tax liability at the year end was £3,001,000 (2022: £1,525,000), being a deferred tax liability of £1,066,000 (2022: £981,000) related to temporary timing differences, combined with a deferred tax liabilities of £468,000 (2022: £544,000) related to the defined benefit pension scheme surplus and £1,467,000 related to the revaluation of land and buildings (2022: nil).

The increase of £15,008,000 in current assets included a decrease of £1,758,000 in inventories, a decrease of £7,008,000 in contract work in progress, an increase of £13,324,000 in trade and other receivables, and an increase in the gross cash balance of £10,450,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £4,848,000 (2022: £2,198,000). It is anticipated that £3,840,000 will be received within one year and £1,008,000 in greater than one year. Disappointingly, main contractor clients are being more insistent upon the holding of cash retention rather than the taking of an appropriate retention bond in order to maintain and preserve their cash resources. The company is driven to work with the wider construction industry to abolish cash retentions.

Trade and other payables increased by £6,437,000. Within this, trade payables and accruals increased £1,998,000 and £1,854,000 respectively with contract liabilities increasing £346,000 and social security and other taxes and other payables increasing £296,000.

Total equity increased by £13,491,000 in the year to £47,838,000. 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

	2023 £'000	2022 £'000
Group profit after tax	10,325	4,734
Depreciation	2,215	2,044
Capital expenditure	(2,899)	(4,516)
Investment property movement	(120)	(404)
Tax (paid)/received	(2,591)	192
Tax per income statement	3,063	1,095
Decrease/(increase) in working capital	1,853	(2,064)
Dividends paid	(1,900)	(363)
Repayment of bank and other loans	(750)	(250)
Share based payment charge	939	806
Others	315	(22)
Net cash inflow	10,450	1,252
Cash and cash equivalents at beginning of year	11,634	10,382
Cash and cash equivalents at end of year	22,084	11,634

Dividends of £1,900,000 were paid in the year.

A dividend has been proposed in respect of the 2023 financial year of 33 pence per share (£4,268,000), covered 2.56 times earnings and will be paid to shareholders in July 2024 upon approval at the AGM. The dividend is split as an ordinary dividend of 20 pence per share and an exceptional dividend of 13 pence per share, reflective of the outstanding performance of the Group in the year.

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.

Financial Review (continued)

Working Capital

	2023 £'000	2022 £'000
Inventories and contract work in progress	8,116	16,882
Trade and other receivables	23,582	10,258
Trade and other payables	(28,481)	(22,044)
Working capital at end of year	3,217	5,096

Cash balances at the year end totalled £22,084,000 and there were no property loans outstanding (2022: £750,000) following their repayment, representing a net cash position of £22,084,000 (2022: £10,884,000).

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.

2024 and 2025 will see the conclusion of the 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.

Pension Scheme

	2023 £'000	2022 £'000
Scheme assets	6,611	6,820
Scheme liabilities	(4,740)	(4,646)
Surplus	1,871	2,174
Other finance income/(expense)	37	(13)
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.

The scheme's triennial valuation for the period ended 31 March 2023 was completed on 16 November 2023. The position of the scheme as at the date of the valuation was an asset position of £6,834,000 and a liability position of £5,006,000 resulting in a surplus of £1,828,000 (2020: £272,000). At the previous 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 assets of the scheme have since been 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 2026.

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.

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 928,718 (2022: 993,669) share options outstanding at an average exercise price of £0.05 (2022: £0.14) 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 £939,000 (2022: £806,000).

> A record orderbook is noted and further supports that Billington is becoming the steelwork contractor of choice for its clients.

Trevor Taylor
Chief Financial Officer
15 April 2024

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 this could present risks to employees and wider stakeholders. The Chief Executive Officer is ultimately responsible for the implementation and enforcement of the Group's policies and procedures.

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

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

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

Environment

Overview

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

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

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

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

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

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

BS EN ISO 14001:2015

BS EN ISO 45001:2018

Steel Construction Sustainability Charter Gold

°CLIMATE GROUP STEELZERO

Carbon Neutral Britain

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. All subsidiaries in the Group are 100% owned by Billington Holdings plc and the equity share approach has therefore been applied, however all other subsidiaries have been excluded from the reporting as they would not qualify under the 2018 Regulations in their own right. To calculate its emissions into equivalent tonnes of carbon dioxide (CO2e) the Government's carbon conversion factors updated in 2023 were used.

For the year ended 31 December 2023 the energy usage is as follows:

	2023 KwH	2022 KwH
Total energy consumption used to calculate emissions:	5,975,950	6,125,967

	2023 Tonnes of CO2e	2022 Tonnes of CO2e
Emissions from combustion of gas (Scope 1)	358	517
Emissions from combustion of fuel for transport purposes (Scope 1)	291	206
Emissions from purchased electricity (Scope 2, location-based)	590	521
Emissions from business travel in employee-owned vehicles (Scope 3)	19	21
Total gross CO2e based on above	1,258	1,265
Greenhouse gas emissions - intensity ratio: Tonnes of CO2e per £'m of revenue	9.5	14.6
Emissions from purchased electricity (Scope 2, market-based factors)	210	521
Total gross CO2e based on Scope 2 market-based factors	878	1,265
Carbon offsets from above	878	1,265
Total net CO2e	-	-

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

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

During the year the committee has produced the Group's roadmap for future sustainability and has committed to achieving, as a minimum, of 50% carbon emissions reduction by 2030 and net zero by 2050.

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

The Group has now replaced all lighting throughout the business with low energy LED lights, resulting in a 2%reduction on previous emissions. The Group is currently undertaking various other initiatives to reduce gross emissions, including switching to hybrid and electric vehicles and planning changes to various factories and site-based activities to Biodiesel (HVO).

Since May 2023, all of our electricity is sourced from 100% green energy with a REGO accredited 0% emissions factor. This will provide a significant saving on our yearly emissions and will be fully realised in 2024.

In August 2023 we offset our full Scope 1 and Scope 2 emissions for the year ended 31 December 2022 through Carbon Neutral Britain via the Woodland Fund and therefore became Carbon Neutral. We will continue to strive to reduce our gross emissions year on year as we continue on our journey to Net Zero. We will continue to offset any emissions to ensure that we make an immediate impact now and in March 2024 we offset our full Scope 1 and Scope 2 emissions for the year ended 31 December 2023.

Sustainable and Responsible Business (continued)

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.

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.

During the year the Group employed a further 4 apprentices. The staff turnover rate for the year was 15.98% with a net increase in employee numbers of 48 to a total of 463 employees at the year end.

Billington keeps an open line of communication with employees through regular briefings and the production of company literature including a monthly 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

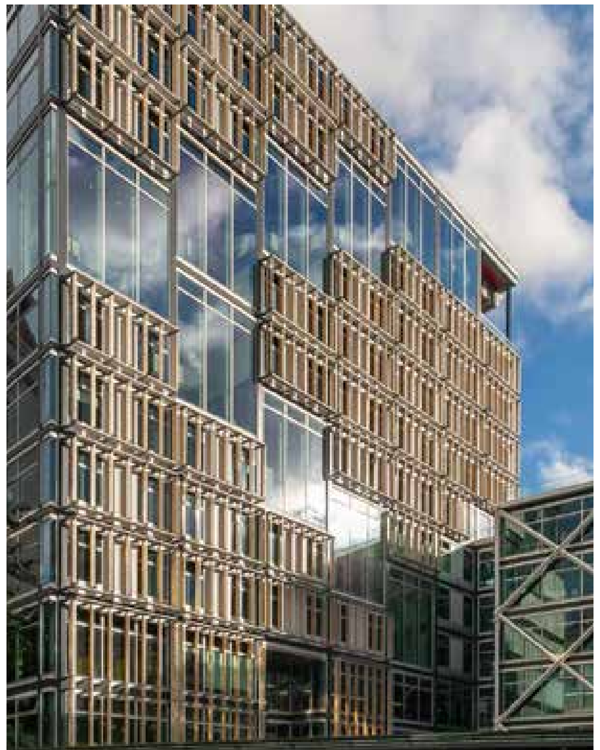
The Company recognises the need to maintain a supply chain that adheres to and is aligned with our environmental, social and commercial objectives and policies.

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 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.

The Company gives full and fair consideration to applications for employment by disabled persons where the candidates aptitude and abilities adequately meet the requirements of the role. It is the Company's policy to provide continuing development of, and to arrange appropriate training wherever practicable where an existing employee becomes disabled. The company also provides equal opportunities for the training, career development and promotion of disabled persons.

Whistleblowing

The Group is committed to the highest standards of openness, honesty and accountability, and has a 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.

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. Post year end the partnership has further expanded to include the Yate facility.

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.

Sustainable and Responsible Business (continued)

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. See the Governance Report for further details.

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.

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 Group's integrity

The Group 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 sustainability guidelines to minimise its impact within the areas it operates.

Section 172 Statement

Section 172 of the Companies Act 2006 requires each Director to act in the way they consider, in good faith, would most likely promote the success of the Group for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to:

- **the likely consequences of any decision in the long term;**
- **the interests of the Group's employees;**
- **the need to foster the Group's business relationships with suppliers, customers and others;**
- **the impact of the Group's operations on the community and the environment;**
- **the Group's reputation for high standards of business conduct; and**
- **the need to act fairly as between members of the Group.**

Details of how the board has met these requirements during the year are contained throughout the Strategic Report and Governance Report.

The Chairman's Statement, Strategy and Vision section and the Operational Review describe the Group's activities, strategy and future prospects, including the considerations for long term decision making.

The Company considers that its major stakeholders are its shareholders, employees, clients and supply chain. When making decisions, the interests of these stakeholders are considered informally as part of the Board's group discussions.

The Company is committed to being a responsible employer and strives to create a working environment where its employees are actively engaged and can contribute to its success. How the Company has taken the interests of its employees into consideration are further detailed in the Chairman's Statement, Operational Review and Sustainable and Responsible Business report.

The Company understands the value of maintaining and developing relationships with its clients and suppliers, to support its potential for future growth. How the Company fosters business relationships with its client and suppliers are included within the Sustainable and Responsible Business report.

The Board recognises that the Group has a duty to be responsible and is conscious that its business processes minimise harm to the environment, and that it contributes as far as is practicable to the local communities in which it operates. Details are included in Sustainable and Responsible Business report, including Streamlined Energy and Carbon Reporting.

The Board recognises the importance of maintaining high standards of business conduct. The Group operates appropriate policies on business ethics and provides mechanisms for whistle blowing and complaints which all employees are aware of. Details are included in Sustainable and Responsible Business report.

Although the Board holds ultimate responsibility for overseeing relationships with all stakeholders, certain stakeholder groups are best engaged with directly by individual Group companies. The Board takes a supervisory role in these engagements, primarily through quarterly subsidiary Board meetings that occur between the Boards of each Group company and the Executive Directors.

Risks and Uncertainties

A robust assessment of the principal and emerging risks

The Board has carried out a robust assessment of the principal and emerging risks and uncertainties which have the potential to impact the Group's profitability and ability to achieve its strategic objectives. These are set out in the table below. The risk register is reviewed and updated by the Board every 6 months.

Risk and impact	Mitigation	Risk*
Project Pricing Risk The Group's revenue is derived from construction contracts, which, if priced incorrectly at the tendering stage, can lock the business into loss making commitments. Failure to successfully deliver and manage projects in line with cost and time estimates can further impact profitability. Failure to adequately assess and price a project can cause significant and unavoidable financial loss. Failure to deliver projects on time and on budget can also have an adverse impact on our reputation and relationships with customers.	- We are very selective in accepting new business to ensure that our portfolio of ongoing projects has a balanced risk profile. In particular there are certain sectors and industries in which we will not operate as a result of the risk that they represent. - We have robust contract evaluation and approval procedures in place that are followed, prior to any tender being submitted, including set criteria that must be met before a bid is made. - The delivery of projects is managed closely, with project performance and costs to complete being reviewed and challenged monthly.	
Project Contractual Risk The Company enters into long term construction contracts that place obligations on the Company in the performance of and satisfaction of its contractual requirements. Failure to adequately identify and evaluate contractual obligations can place unexpected time and cost liabilities upon the Company resulting in significant and unavoidable financial loss.	- We have robust contract evaluation and approval procedures in place that are followed, prior to any tender being submitted, including set criteria that must be met before a bid is made. - The delivery of projects is managed closely, with project performance and costs to complete being reviewed and challenged monthly. - Experienced Project Managers and Quantity Surveyors are appointed, and projects are delivered in line with agreed methodologies. Project risk and opportunity registers are in use for all projects.	

Risk and impact	Mitigation	Risk*
Health and Safety The nature of the Group's activities expose our people, subcontractors, suppliers, members of the public and other stakeholders to a significant risk of serious injury or death. Failure to adequately manage health and safety risk could have significant consequences, even if no major incident were to occur. Impacts may include: - Legal proceedings, significant financial penalties and potential criminal prosecutions of management. - Loss of reputation within the industry, amongst customers and as an employer. - Project delays. - Widespread employee absence and sickness possibly resulting in business and/or site closures.	- We have a Group Health and Safety function in place that has established consistent and effective procedures for managing health and safety risk. This includes risk assessments, safe working procedures, onsite inspections and audits and mobile incident reporting capabilities. - All of our people are given role-based training on induction and throughout their time with us, and the completion of training is monitored by our Group Human Resources function to ensure that training records remain up to date. - Monthly Health and Safety meetings are held to review and improve our practices and Health and Safety performance is regularly reported to Senior Management and to Board.	
Cyber and Information Security Cyber attacks or technology failures could result in loss of data, misappropriation of funds and interruption to the operation of the business. Prolonged loss of systems can significantly impact on the operation of the business, potentially impacting on projects in extreme circumstances. Cyber attacks can also result in loss of confidential or personal data, potentially resulting in commercial or reputational damage, financial loss or fines.	- We employ a range of technologies to adequately safeguard our technology assets and network, including firewalls and Mimecast protection, enhanced password protections and MFA. - Dual offsite backs ups are taken, and we have an SLA in place with our IT provider to get us back up and running within defined timescales. - We have engaged a third party to conduct a phishing attack and penetration testing, as well as assessing our overall information security control framework to identify areas for further improvements. - Obtained Group's Cyber Essentials Plus qualification via a third party audit.	
Price and Availability of Raw Materials Price fluctuations, as a result of raw material price or exchange rate movements, can also have a significant impact on the profitability of our contracts. Raw material price volatility, most notably steel, can have a significant impact on contract profitability, both positive and negative. Cold rolled steel shortages could result in project delays and consequential losses / costs being incurred by the Company.	- We aim to fix our steel prices with our suppliers for the life of each contract so that we can reduce the risk relating to price volatility. - Ensuring that the supply chain for critical input materials is not unduly restricted to a single entity presenting an unduly high risk to the business should the company fail or supply interruptions noted through other closure.	

Risks and Uncertainties (continued)

Risk and impact	Mitigation	Risk*
Primary Contractor Liquidation We typically operate as a secondary contractor, appointed by a primary contractor. This contractual position exposes us to risk of financial loss in the event that a primary contractor ceases to trade. In the event of a primary contractor ceasing to trade we could face significant financial loss, for example outstanding debtor and work in progress balances and for resources acquired for delivery of the project (made to order steel, subcontractors etc.).	› We conduct robust due diligence on potential customers prior to tendering. This includes credit checks, review of trading records and monitoring of those customers in the news. All tenders are reviewed and approved, in line with delegated authority levels, prior to submission, including review of the due diligence steps undertaken. › We establish payment profiles with all customers and also procure credit insurance wherever possible. Where credit insurance is not available, we seek to mitigate our risk via other means, for example by using escrow accounts, payments upfront and other guarantees.	
Availability of Personnel and Skills We have an ageing workforce and we operate in an industry in which it is difficult to attract new and young talent into roles. Skills and labour shortages impact on our ability to deliver projects on time, on budget and in a safe manner. The consequences of shortages, therefore, can include financial loss and reputational damage.	› We have invested heavily in an active apprenticeship programme, and we train as many apprentices as the business can sustain. This helps to ensure that we maintain a pipeline of personnel coming into the business. › We strive to be the best employer in the industry in order to retain our people, for example by offering generous benefit packages including health insurance, ability to purchase holidays etc. We also benchmark our salaries to ensure that we remain ahead of our competitors.	

Risk and impact	Mitigation	Risk*
Market / Economic Conditions Whilst we are not reliant on Europe, the company has previously contracted in a number of European Countries and utilises raw material products that are manufactured in Europe. Slowdown in the global and UK economies, specifically in the construction sector would lead to a reduction in output in the sector and could adversely impact the volume of work (and attainable margins) the Group is able to secure. Inflationary and general market conditions provide a risk to the business in times of slow UK growth / output. Our competitors in timber and concrete construction also continue to innovate, potentially impacting on the sustainability of our business. A combination of a significant slow down in the construction industry, steel shortages and restrictions on our operations in Europe could have significant impact on the performance of the business. This could result in a combination of significant financial loss and reputational damage within the industry.	› We have sought our own CE certification to ensure that we meet health, safety, and environmental protection standards for products sold within the European Economic Area. › Our bid production and approval processes ensure that we select projects that offer stable and sustainable margins, and we minimise our risks by fixing costs wherever possible, utilising credit insurance and performing due diligence on customers and suppliers alike. › We seek to balance risk through a balanced portfolio of projects in different sectors and geographies. › Our project portfolio is well diversified, sheltering us from the impact of significant recession in certain industries.	
ESG Compliance Environmental impact is increasingly regarded by clients, markets and shareholders as a key risk. There is a risk that steel is regarded as having too high an environmental impact due to embedded carbon when compared to other building materials. If the business cannot meet clients' expectations / tender requirements with regards the Group's environmental impact, this may lead to the loss of contracts, or, other building materials are favoured over steel and the industry loses market share.	› Establishment of an ESG committee with senior members of the management team to investigate, promote and implement a cohesive ESG strategy. › To ensure compliance with and membership of relevant bodies and schemes e.g. Steel Zero to promote the businesses commitment to achieving net zero by 2050. › Calculate the Group's carbon footprint and monitor its movement / progress over time. › Review and assess methods and associated projects to reduce the Group's carbon footprint.	

Denotes the movement in the risk score from the previous year.

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

Darren Kemplay
Company Secretary
Billington Holdings Plc
Company Number - 02402219
15 April 2024

Governance Report

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.

Board

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 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
- **Ian Lawson** – 11/11
- **Stephen Wardell** - 11/11
- **Alexander Ospelt** – 9/11
- **John Gordon** – 4/4
- **Lyndsey Scott** – 4/5

Board of Directors and Advisors

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.

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. As well as his role with Billington, Stephen is currently an independent Non-executive with accountancy firm, Haysmacintyre and with the Central & Eastern European Region of KPMG. He was previously on the KPMG UK Audit Board (resigned 30/9/22) and a director of The 5% Charity Club (resigned 6/12/23).

Lyndsey Jane Scott

Non Executive Director
Appointed: 01/09/2023
Nationality: British

Lyndsey has a wealth of experience in HR and people management across a range of sectors, both in the UK and internationally, with listed entities. Lyndsey, with her extensive experience with Remuneration, Audit and Nomination Committees will subsume the role of Remuneration Committee Chair for Billingtons.

Lyndsey currently has a Non-Executive role with James Cropper Plc, an AIM listed company specialising in advanced materials and paper products.

Secretary
Darren Kemplay

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

Auditor
RSM UK Audit LLP
Chartered Accountants & Statutory Auditors,
Central Square,
5th Floor, Wellington Street,
Leeds,
LS1 4DL

Registered in England
Company Number - 02402219

Report of the Directors

Audited financial statements for the year ended 31 December 2023

The Directors present their report together with the audited financial statements for the year ended 31 December 2023.

1. Disclosures

As permitted by Companies Act 2006, s. 414C(11), some of the matters normally included in this report have instead been included in the Strategic Report, as the board considers them to be of strategic importance. Specifically, these relate to Streamlined Energy and Carbon Reporting ('SECR'), future developments, employment disclosures, employee engagement and how the Directors have had regard to the need to foster business relationships with suppliers, customers and others.

The Governance Report is incorporated in this report by reference.

2. Directors

The present membership of the board is set out in the Board of Directors section of the Governance Report.

Mr J.S.Gordon resigned on 6 June 2023. Ms L.J. Scott was appointed on 1 September 2023. All other Directors served throughout the year.

In accordance with the Articles of Association Mr T.M.Taylor and Mr M.Smith retire and offer themselves for re-election.

A proposal to update the Company's Articles of Association will be tabled at the next AGM so that all Directors stand for re-election on an annual basis.

3. Directors' Indemnities

The articles entitle the Directors of the Company to be indemnified, to the extent permitted by the Act and any other applicable legislation, out of the assets of the Company in the event that they suffer any loss or incur any liability in connection with the execution of their duties as Directors.

In addition, and in common with many other companies, the Company had during the year, and continues to have in place, Directors' and officers' insurance in favour of its directors and other officers in respect of certain losses or liabilities to which they may be exposed due to their office.

4. Statement of Directors' Responsibilities

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under Company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards

- for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Billington Holdings Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor:

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.

5. Dividends

A final dividend in respect of 2022 of 15.5 pence (£1,900,000) per ordinary share was paid on 4 July 2023. No interim dividends were paid in 2023. A final dividend has been proposed in respect of 2023 of 33.0 pence (£4,268,000) 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.

In accordance with the Company's Articles of Association a write-back of £2,000 (2022: £142,000) has been recognised during the year relating to unclaimed dividends over 12 years old.

6. Going Concern

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the approval of the financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Further details of the key factors considered by the Directors in making the statement are set out in the Financial Review on pages 13 to 18 and in the Accounting Policies on page 51.

7. Research and Development

Research and development expenditure during the year was £87,000 (2022: £95,000).

8. Post Balance Sheet Events

There were no post balance sheet events identified.

9. Additional Disclosures

Additional information that is relevant to this report, and which is incorporated by reference into this report, including information required in accordance with the UK Companies Act 2006, can be located as follows:

- **Employees, employee involvement and engagement** - Sustainable and Responsible Business Report
- **Engagement with other stakeholders** - Sustainable and Responsible Business Report
- **Long-term incentive plans** - Remuneration Committee Report
- **Directors' interests** - Remuneration Committee Report
- **Equal opportunities (including the disabled)** - Sustainable and Responsible Business Report
- **Greenhouse gas emissions** - Sustainable and Responsible Business report
- **Financial instruments** - note 20 to the Group financial statements

10. Auditor

RSM UK Audit LLP have expressed their willingness to continue in office. In accordance with Section 489 (4) of the Companies Act 2006 a resolution to reappoint RSM UK Audit 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
15 April 2024

Audit Committee Report

The Audit Committee

During the year the Audit Committee comprised:

- **Stephen Wardell** (Chair)
- **Ian Lawson**
- **John Gordon** (resigned 6 June 2023)
- **Lyndsey Scott** (appointed 1 September 2023)

The committee meets bi-annually, plus additional meetings when required.

It is normal practice to invite the Chief Financial Officer and the Chief Executive Officer to attend those meetings when considered appropriate. Mr A.Ospelt is also invited to attend the meetings.

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

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 ensures 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.

Role of the External Auditor

The committee monitors the relationship with the external auditor to ensure that auditor independence and objectivity are maintained. Following a long relationship with the incumbent auditors, Grant Thornton, the committee has undertaken a tender process during the year. To ensure independence is safeguarded, following the conclusion of the tender process Grant Thornton resigned as auditors and RSM were appointed as the Group's new auditors.

Any instruction for RSM to provide non-audit services to the group must be approved in advance by the committee. No fees were payable to RSM for non-audit services during the year.

Having reviewed the auditor's independence and performance, the committee has concluded that these are effective and recommends that RSM be reappointed at the next AGM.

Audit Process

The auditor prepares an annual planning report for consideration by the committee, which details areas of audit focus and anticipated key audit risks, together with the anticipated level of materiality. This is reviewed and approved by the committee. Following the audit, the auditor presented its findings to the committee. No significant areas of concern were raised by the external auditor.

Internal Control and Risk Management

The systems of internal control and risk management are the ultimate responsibility of the Board, which sets and reviews appropriate policies. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. Managers are delegated the tasks of implementation and maintenance of systems in accordance with those policies and the identification, evaluation, management and reporting of risk and control issues.

Controls and processes are reviewed on a periodic basis by the group's finance team with any issues and recommendations reported to the audit committee.

Budgets are produced annually and key performance targets within them are set by the Board. Performance against those budgets is regularly reviewed and variances are investigated and acted upon by members of the Board and the company and departmental directors.

The principal risks and uncertainties faced by the Group, together with mitigating activities, are disclosed in the Strategic Report.

Remuneration Committee Report

The Remuneration Committee

During the year the Remuneration Committee comprised:

- **Lyndsey Scott** (Chair, appointed 1 September 2023)
- **Stephen Wardell** (Interim Chair)
- **John Gordon** (Chair, resigned 6 June 2023)
- **Ian Lawson**

The committee meets bi-annually, plus additional meetings when required.

Mr A.Ospelt is invited to attend the meetings to present the views of the shareholders.

It's 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.

Remuneration Policy

The Group's policy on remuneration for the current year and, so far as is practicable, for subsequent years, is set out below. However, the Remuneration Committee believes that it should retain the flexibility to adjust the remuneration policy in accordance with the changing needs of the business. Any changes in policy in subsequent years will be detailed in future reports on remuneration. The Group must ensure that its remuneration arrangements attract and retain people of the right calibre in order to ensure corporate success and to enhance shareholder value. Its overall approach is to attract, develop, motivate and retain talented people at all levels, by paying competitive salaries and benefits to all its staff. Pay levels are set to take account of contribution and individual performance, wage levels elsewhere in the Group, and with reference to relevant market information. The Group seeks to reward its employees fairly and give them the opportunity to increase their earnings by linking pay to achieving business and individual performance targets. Executive Directors are rewarded on the basis of individual responsibility, competence and contribution, and salary increases also consider pay awards made elsewhere in the Group as well as external market benchmarking.

Non-Executive Directors' fees

Fees for Non-Executive Directors are determined by the Board annually, taking advice as appropriate and reflecting the time commitment and responsibilities of the role. The Non-Executive Chairman currently receives an annual fee of £73,000. Non-Executive Directors' fees currently comprise a basic fee of £38,500 and an enhancement of £5,500 for chairing either the Audit Committee or the Remuneration Committee.

Non-Executive Directors do not participate in the annual bonus plan or pension scheme, but do have the option to participate in the Group healthcare arrangements. The Company reimburses the reasonable expenses they incur in carrying out their duties as Directors.

Executive Director Remuneration

Basic Salary

Basic salary is set by the Remuneration Committee by considering the responsibilities, individual performance and experience of the Executive Directors, as well as the market rates for executives in a similar position and wage levels elsewhere in the Group. Basic salary is reviewed annually by the Remuneration Committee.

Annual Bonus

The Executive Directors are eligible to participate in the annual bonus plan. The range of award is based on annual salary and is paid in both cash and shares via the Group's Deferred Bonus Plan (DBP).

The performance requirements, for the ability to earn a bonus, are set by the Committee annually and are based on the long term strategy of the Group.

Long Term Incentive Plan and Deferred Bonus Plan

On 21 April 2023, Mr M. Smith and Mr T. Taylor were granted 24,903 and 18,677 shares respectively under the Deferred Bonus Plan.

Details of the Groups long term incentive arrangement are included in note 11 of the Group financial statements and the Directors' interests are shown below.

Directors Remuneration

Remuneration received by the Directors was as follows:

	Salary & fees £'000	Other emoluments £'000	Pension £'000	Total 2023 £'000	Total 2022 £'000
Executive					
M.Smith	288	112	21	421	389
T.M. Taylor	215	85	17	317	293
Non-executive					
I.Lawson	69	2	-	71	68
J.S. Gordon	32	-	-	32	41
S.J. Wardell	41	-	-	41	40
L.J. Scott	15	-	-	15	-
A.Ospelt	24	-	-	24	24
	684	199	38	921	855
Employer's NI				187	84
Share based payment charge				605	524
Total				1,713	1,463

Directors' Interests in Shares

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 2023		1 January 2023	
	Shares	Options	Shares	Options
Ian Lawson	17,200	-	17,200	-
Mark Smith	63,807	274,705	19,554	337,115
Trevor Taylor	52,513	206,028	19,323	252,835
Alexander Ospelt	6,500	-	6,500	-
Stephen Wardell	-	-	-	-
Lyndsey Scott	-	-	-	-

Mr A.Ospelt is a representative of Gutenga Investments PCC Limited, who hold 4,447,985 (34.4%) ordinary 10p shares in the company as at 31 December 2023.

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	24,903	18,677	nil	Apr 26
LTIP 2022 - 2023	123,359	92,519	nil	Apr 24
LTIP 2022 - 2024	126,443	94,832	nil	Apr 25
	274,705	206,028		

Independent Auditor's Report

to the members of Billington Holdings Plc

Opinion

We have audited the financial statements of Billington Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 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 parent company statement of financial position, the parent company statement of changes in equity and notes to the financial statements, including 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 2023 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.

Summary of our audit approach

Key audit matters	**Group** › Revenue recognition in relation to construction contracts
Materiality	**Group** › Overall materiality: £666,000 (2022: £433,000) › Performance materiality: £500,000 (2022: £303,000) **Parent Company** › Overall materiality: £559,000 (2022: £231,000) › Performance materiality: £419,000 (2022: £162,000)
Scope	Our audit procedures covered 91% of revenue, 90% of total assets and 89% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which 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 group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition in relation to construction contracts

Key audit matter description	Refer to page 52 and 53 – Principal accounting policies Refer to page 59 and 60 – Principal accounting policies (Significant management judgements in applying accounting policies) Refer to page 62 – Note 2, Revenue and profit before tax 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. The Group's primary revenue stream is derived from construction contracts and is recognised in accordance with International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers'. Recognition of revenue requires management to make judgements relating to: › Identifying performance obligations and allocating consideration. › Estimating contract margins based on total contract consideration and total expected contract costs. › Assessing stage of completion based on total contract consideration and total expected contract costs. The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of contract assets/liabilities, revenue and profit recognised on construction contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. Therefore, auditor judgement is required to assess whether the estimates of total contract consideration and total expected contract costs are appropriate.
How the matter was addressed in the audit	In responding to the key audit matter, our audit procedures included: › Identifying high risk contracts with risk indicators including large contracts, significant contact assets/liabilities, low/high margin contracts, loss making contracts and contracts with significant variations. › Reviewing management's assessment of performance obligations and the allocation of consideration. › Assessing total contract consideration by comparing to contracts, certifications, final accounts and receipt of cash. › Testing costs incurred to date through sample testing, including an assessment of whether costs were allocated to the correct contract › Challenging forecast costs to complete by testing a sample of forecast costs to supporting evidence and by reviewing post year end results. › Assessing the historical accuracy of forecasting by comparing actual margin achieved with initial forecasts and the expectation formed at the prior year end. › Auditing disclosures related to revenue recognition and the degree of estimation involved in revenue and profit recognition.
Key observations	Our audit work in respect of revenue recognition in relation to construction contracts concluded that we did not identify any material misstatements and the disclosures management have made are appropriate.

Independent Auditor's Report (continued)

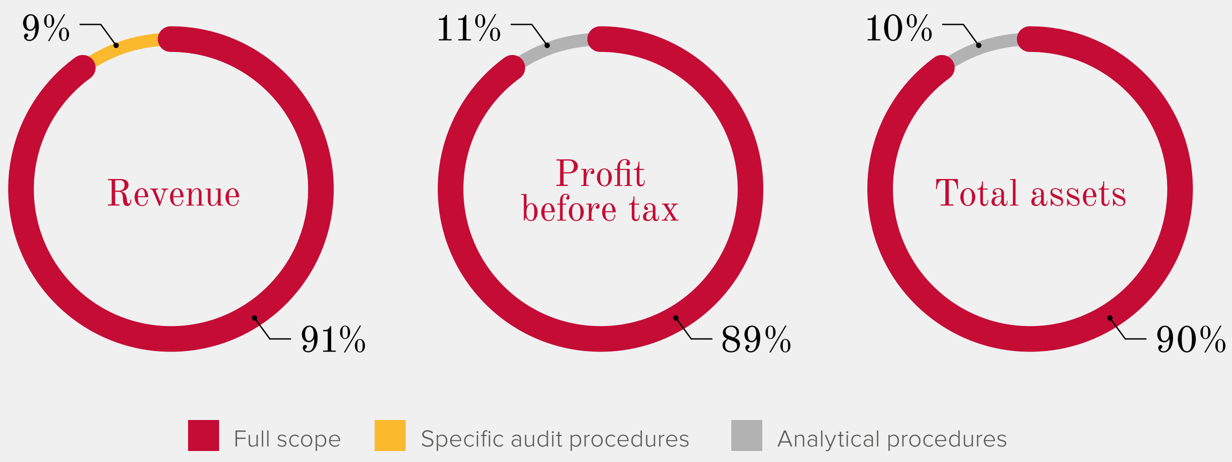
Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£666,000 (2022: £433,000)	£559,000 (2022: £231,000)
Basis for determining overall materiality	5% of group profit before taxes	1.4% of total assets
Rationale for benchmark applied	Profit before taxes is the key benchmark against which the business is assessed by management and investors.	The parent company does not trade and primarily holds group investments, fixed assets and cash balances. As such total assets was deemed to be the most appropriate benchmark.
Performance materiality	£500,000 (2022: £303,000)	£419,000 (2022: £162,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £33,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £27,900 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 8 components, all of which are based in the UK. The coverage achieved by our audit procedures was:



Full scope audits were performed for 3 components, specific audit procedures for 4 components and analytical procedures at group level for the remaining 1 component.

Of the above, no audit work was undertaken by component auditors.

Conclusions relating to going concern

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

- Assessing the forecasts prepared by management covering the period to 30 April 2025 by challenging the key assumptions by:
  - comparing forecast revenue with the Group's order book and historical performance;
  - evaluating the historical accuracy of forecasts prepared by management;
  - assessing the sensitivity of the available headroom on facilities and cash position of the Group;
  - review of post year end trading of the group and comparison to the forecasts supplied by management.
- Checking the integrity and mechanism of the forecast model provided by management
- Evaluating the adequacy of going concern disclosures in the financial statements, including whether commentary regarding the new facility entered into by the Group 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 or 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.

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 contained within the annual report. 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 course of 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 this gives rise to 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year 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.

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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

As explained more fully in the directors' responsibilities statement set out on pages 31 and 32, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS, FRS 102 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance
Tax compliance regulations	Inspection and review of tax computations and workings prepared by external tax advisors Inspection and review of advice received from external tax advisors Inspection of correspondence with local tax authorities Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity
AIM listing rules	Review of announcements made during the year via RNS to identify any potential instances of non-compliance
Health and safety regulations	Inquiry of management and Directors Inspection of correspondence with advisors and regulators (where applicable)

Independent Auditor's Report (continued)

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition in relation to construction contracts	Please refer to the Key Audit Matters section above regarding how this matter was addressed as part of the audit.
Provision for contract losses	Please refer to the Key Audit Matters section above regarding how this matter was addressed as part of the audit.
Management override of controls	Testing the appropriateness of journal entries and other adjustments Assessing whether the judgements made in making accounting estimates are indicative of a potential bias Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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.

Finlay Lamont (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

Consolidated income statement

for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	2	132,495	86,614
Raw materials and consumables		(78,182)	(51,277)
Other external charges		(6,053)	(4,792)
Staff costs	3	(25,536)	(19,566)
Depreciation	2	(2,215)	(2,044)
Other operating charges		(7,263)	(3,024)
		(119,249)	(80,703)
Operating profit		13,246	5,911
Finance income		224	26
Finance costs		(82)	(108)
Net finance income/(expense)	4	142	(82)
Profit before tax		13,388	5,829
Tax	5	(3,063)	(1,095)
Profit for the year		10,325	4,734
Profit for the year attributable to equity holders of the parent company		10,325	4,734
Basic earnings per share	7	84.4p	39.1p
Diluted earnings per share	7	79.3p	37.8p

All results arose from continuing operations.

The principal 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 2023

	Note	2023 £'000	2022 £'000
Profit for the year		10,325	4,734
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land and buildings	8	5,868	-
Movement on deferred tax relating to revaluation	19	(1,467)	-
Remeasurement of net defined benefit pension surplus	25	(340)	(486)
Movement on deferred tax relating to pension surplus	19	85	122
		4,146	(364)
Items that will be reclassified subsequently to profit or loss			
Loss on forward currency contracts	20	(31)	-
		(31)	-
Other comprehensive income/(expense), net of tax		4,115	(364)
Total comprehensive income for the year attributable to equity holders of the parent company		14,440	4,370

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

Consolidated statement of financial position

as at 31 December 2023

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Assets					
Non current assets					
Property, plant and equipment	8		25,329		19,264
Investment property	9		614		464
Pension asset	25		1,871		2,174
Total non current assets			27,814		21,902
Current assets					
Inventories	12	1,576		3,334	
Contract work in progress	13	6,540		13,548	
Trade and other receivables	14	23,582		10,258	
Cash and cash equivalents	16	22,084		11,634	
Total current assets			53,782		38,774
Total assets			81,596		60,676
Liabilities					
Current liabilities					
Borrowings	17, 18	-		250	
Trade and other payables	15	28,481		22,044	
Lease liabilities	24	157		143	
Current tax payable		447		69	
Derivative financial instruments	20	31		-	
Total current liabilities			29,116		22,506
Non current liabilities					
Borrowings	17, 18	-		500	
Lease liabilities	24	1,641		1,798	
Deferred tax liabilities	19	3,001		1,525	
Total non current liabilities			4,642		3,823
Total liabilities			33,758		26,329
Net assets			47,838		34,347
Equity					
Share capital	22		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other components of equity	22		3,847		(761)
Retained earnings			40,702		31,819
Total equity			47,838		34,347

The Group financial statements were approved and authorised for issue by the Board of Directors on 15 April 2024.

Ian Lawson
Non-Executive Chairman

Trevor Taylor
Chief Financial Officer

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

Consolidated statement of changes in equity

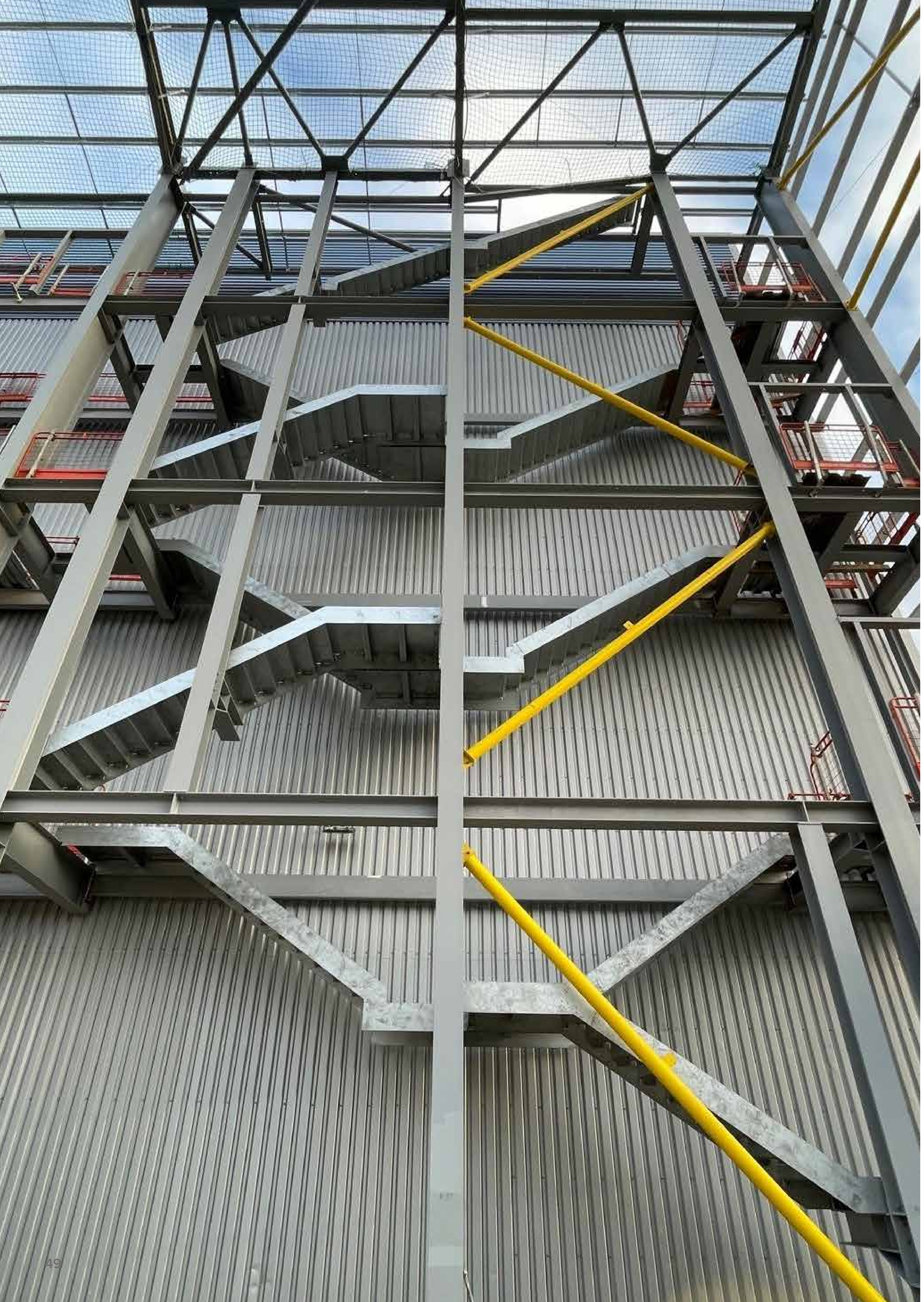
for the year ended 31 December 2023

	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	-	-	-	-	(221)	(221)
Credit relating to equity-settled share based payments (note 11)	-	-	-	-	806	806
ESOT movement in year (note 22)	-	-	-	9	(9)	-
Transactions with owners	-	-	-	9	576	585
Profit for the financial year	-	-	-	-	4,734	4,734
Other comprehensive income						
Actuarial gains recognised in the pension scheme (note 25)	-	-	-	-	(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

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other components of equity £'000	Retained earnings £'000	Total equity £'000
At 1 January 2023	1,293	1,864	132	(761)	31,819	34,347
Transactions with owners						
Dividends (note 6)	-	-	-	-	(1,898)	(1,898)
Credit relating to equity-settled share based payments (note 11)	-	-	-	-	939	939
ESOT movement in year (note 22)	-	-	-	238	(228)	10
Transactions with owners	-	-	-	238	(1,187)	(949)
Profit for the financial year	-	-	-	-	10,325	10,325
Other comprehensive income						
Actuarial loses recognised in the pension scheme (note 25)	-	-	-	-	(340)	(340)
Deferred tax on pension	-	-	-	-	85	85
Financial instruments (note 20)	-	-	-	(31)	-	(31)
Revaluation of land and buildings (note 21)	-	-	-	5,868	-	5,868
Deferred tax on revaluation	-	-	-	(1,467)	-	(1,467)
Total comprehensive income for the year	-	-	-	4,370	10,070	14,440
At 31 December 2023	1,293	1,864	132	3,847	40,702	47,838

The Group retained earnings reserve includes a surplus of £1,403,000 (2022 - £1,630,000) relating to the net pension surplus (note 25).

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



Consolidated cash flow statement

for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Group profit after tax		10,325	4,734
Taxation (paid)/received		(2,591)	192
Interest received		187	26
Depreciation on property, plant and equipment	8	2,215	2,044
Fair value adjustment of investment properties		(30)	-
Impairment of property, plant and equipment	8	372	-
Share based payment charge	11	939	806
Profit on sale of property, plant and equipment		(243)	(309)
Taxation charge recognised in income statement		3,063	1,095
Net finance (income)/expense		(142)	82
Decrease/(increase) in inventories		1,758	(1,440)
Decrease/(increase) in contract work in progress		7,008	(3,291)
(Decrease)/increase in trade and other receivables		(13,324)	1,958
Increase in trade and other payables		6,411	709
Net cash flows from operating activities		15,948	6,606
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,899)	(4,516)
Purchase of investment property		(120)	(404)
Proceeds from sales of property, plant and equipment		386	348
Net cash flow from investing activities		(2,633)	(4,572)
Cash flows from financing activities			
Interest paid		(82)	(95)
Repayment of bank and other loans		(750)	(250)
Capital element of leasing payments		(143)	(74)
Dividends paid	6	(1,900)	(363)
Employee Share Ownership Plan share sales		10	-
Net cash flow from financing activities		(2,865)	(782)
Net increase in cash and cash equivalents		10,450	1,252
Cash and cash equivalents at beginning of year		11,634	10,382
Total cash and cash equivalents		22,084	11,634

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

Principal accounting policies

General information

Billington Holdings Plc is a public company limited by shares registered and domiciled in England and Wales, registration number 02402219. The registered office is Barnsley Road, Wombwell, Barnsley, South Yorkshire, S73 8DS. The nature of the Group's operations and its principal activities are set out in the Operational Review.

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.

Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention with the exception of the revaluations of following that are held at fair value:

- **land and buildings;**
- **investment property;**
- **defined benefit pension obligations and plan assets;** and
- **financial instruments.**

These consolidated financial statements have been prepared in accordance with the accounting policies set out below which comply with UK-adopted international accounting standards and in conformity with the Companies Act 2006.

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 and its continued positive trading performance in 2023 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2024.

The Group has a gross cash balance of £22.1 million as at 31 December 2023 with no long-term borrowings or commitments. The Group repaid its only remaining borrowing at the start of the year, 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.

Since the year end the Group has entered into an agreement with HSBC, the Company's bankers' for a £6.0 million Revolving Credit Facility for 3 years to March 2027, which provides further funding and headroom security.

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 company has secured a number of significant contracts in 2024 for delivery in 2024 and 2025 and has a record orderbook as at March 2024.

The Group anticipates making further progress in terms of volumes and efficiency enhancements in 2024. The Directors are forecasting trading performance will continue to improve in comparison to historical levels, 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 2025, 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 additional 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) Adoption of new and revised standards

New and revised standards that are effective for annual periods beginning on or after 1 January 2023

Accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

New and revised standards that are not yet effective

Accounting pronouncements which have not yet become effective and have therefore not been adopted are not anticipated to have a significant impact on the Group's financial results or position.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and the entities controlled by the group. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are disposed of from the date that control ceases.

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.**

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.

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. Revenue recognised includes retentions and is net of rebates, discounts and value added tax.

Principal accounting policies (continued)

To depict the progress by which the Group transfers control of the assets 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, where the price has yet to be agreed but has been approved as it relates to an instruction provided by the customer that is enforceable under the terms of the construction contract. 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. The Group also applies the practical expedient in IFRS 15.121 and does not disclose information about the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied.

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 are incurred.

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.

(d) Property, plant and equipment

During the year, the Group has chosen to voluntarily change accounting policy from a cost to a revaluation model for land and buildings as it results in more reliable and relevant information, the assets fair value, being provided. On initial application, the assets were revalued at the year end through other comprehensive income with no retrospective restatement of comparatives.

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equity. All other property, plant and equipment is recognised at historic cost less depreciation.

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 on a straight line basis. The expected useful lives and material residual value estimates are updated as required, but at least annually.

The rates applicable are:

- **Freehold property** **2%**
- **Long leasehold property** .... **Lease term**
- **Plant and machinery** .... **6.66% to 33%**
- **Fixtures, fittings and office equipment** .... **20% to 25%**
- **Motor vehicles** **25%**

Depreciation rates for plant and machinery vary depending on type. Small plant and machinery such as welding equipment, forklift trucks and trailers are depreciated over 3 to 5 years. Large plant and machinery such as saw and drill lines, shotblast machines and overhead cranes are depreciated over 10 to 15 years.

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 and contract liabilities

Contract work in progress arises when the Group satisfies a performance obligation before it receives the consideration. When the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, the amount of revenue associated with the transfer of goods or services is accrued and presented as contract work in progress in the balance sheet (excluding any amounts presented as a receivable). A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

Principal accounting policies (continued)

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.

Contract assets are reduced by appropriate allowances for expected credit losses.

Contract liabilities primarily relate to the advance payments from customers for construction contracts, for which revenue is recognised over time.

(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.

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 benefits

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) Leases in which the Group is a lessee

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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease.

(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 a 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.

Principal accounting policies (continued)

(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.

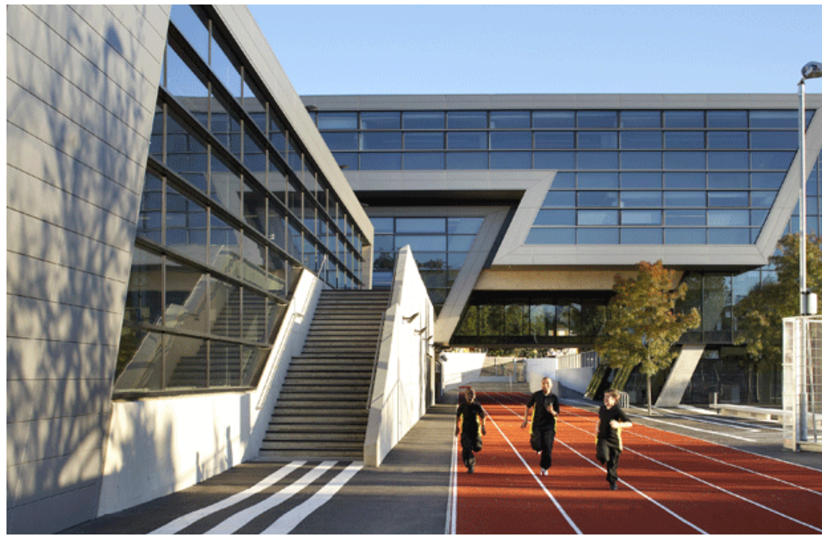
The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 20 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

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.

Principal accounting policies (continued)

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.

(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 a 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 nominal 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 revaluation of land and buildings (see note 22).

"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) 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 statement of financial position. There are no covenants in place over the capital ratio to be maintained.

(t) Significant management judgements and estimates in applying accounting policies

The preparation of financial statements under IFRS requires management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

The following items are those that management considers to be the most significant due to the level of judgement and estimation required:

Construction contract revenue and overall contract outcome

Recognition of revenue and profit is based on judgements made in respect of the ultimate profitability of a contract. Such judgements are arrived at through the use of estimates in relation to the value of work performed to date and to be performed in bringing contracts to completion. These estimates are made by

reference to recovery of pre-contract costs, surveys of progress against the construction programme, changes in design and work scope, the contractual terms and site conditions under which the work is being performed, delays, costs incurred, claims received by the Group, external certification of the work performed and the recoverability of any unagreed income from claims and variations.

Management continually reviews the estimated final outturn on contracts and makes adjustments where necessary. Based on the above, management believes it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment. However, due to the level of uncertainty, combination of cost and income variables and timing across a large portfolio of contracts at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated judgements that are applied at a portfolio level.

Within this portfolio, there are a limited number of long-term contracts where the Group has incorporated significant judgements over revenue and profit, which have been recognised at a level that is considered highly probable not to significantly reverse. However, there are a host of factors affecting potential outcomes in respect of these entitlements based on a wide varierty of risks across the portfolio. This could result in a range of reasonably possible outcomes on these contracts in the following financial year, ranging from an impact on the portfilio of contracts of both a material gain or a materical loss.

Management has assessed the range of reasonably possible outcomes on these limited number of contracts based on facts and circumstances that were present and known at the balance sheet date. As with any contract applying long-term contract accounting, these contracts are also affected by a variety of uncertainties that depend on future events, and so often need to be revised as contracts progress.

Notes forming part of the Group financial statements

for the year ended 31 December 2023

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 2023				
Revenue				
From external customers	121,545	10,949	1	132,495
From other segments	38	541	-	579
Segment revenues	121,583	11,490	1	133,074
Elimination of segment revenues				(579)
Revenue				132,495
Raw materials and consumables	(74,046)	(4,136)	-	(78,182)
Other external charges	(4,152)	(1,901)	-	(6,053)
Staff costs	(20,118)	(2,179)	(3,239)	(25,536)
Depreciation	(1,233)	(593)	(389)	(2,215)
Other operating (charges)/income	(9,310)	(1,095)	3,142	(7,263)
Segment operating profit/(loss)	12,724	1,586	(485)	13,246
Additions to non-current assets	1,636	863	428	2,927
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
Additions to non-current assets	5,729	367	462	6,558

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 customers accounted for 36% and 17% respectively (2022: two contractors greater than 10% with 17% and 15% respectively) of Group revenue. Both of the contractors with revenue of greater than 10%in 2022 are also both of the customers with revenue of greater than 10% in 2023.

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 2023					
United Kingdom	119,279	2,267	6,810	4,139	132,495
	119,279	2,267	6,810	4,139	132,495
31 December 2022					
United Kingdom	73,318	2,659	6,206	4,431	86,614
	73,318	2,659	6,206	4,431	86,614

Information about contract balances

	2023 £'000	2022 £'000
Contract work in progress - gross	7,824	13,548
Contract work in progress - impairment losses	(1,248)	-
Contract receivables	18,753	5,804
Contract receivables - impairment losses	(340)	-
Contract liabilities	(5,828)	(5,482)

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.

At the beginning of the financial year £5,482,000 was included within contract liabilities. This has all been recognised as revenue in the year ended 31 December 2023.

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

Profit before tax is stated after:

	2023 £'000	2022 £'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	80	55
Fees payable to the Company's auditor for other services:		
the audit of the Company's subsidiaries	129	113
Depreciation	2,215	2,044
Foreign exchange losses/(gains)	30	(5)
Profit on disposal of property, plant and equipment	(243)	(309)

Notes forming part of the Group financial statements (continued)

3. Staff costs

Staff costs during the year including Directors:	**2023 £'000**	**2022 £'000**
Wages and salaries	21,163	16,361
Social security	2,638	1,749
Pension costs	796	650
Share-based payments	939	806
	25,536	19,566

The average number of production employees of the Group during the year was 267 (2022: 232).

The average number of administration employees of the Group during the year was 187 (2022: 171).

Directors' remuneration during the year was as follows:	**2023 £'000**	**2022 £'000**
Emoluments	883	823
Pension costs	38	32
Share-based payments	605	524
	1,526	1,379

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

During the year two Directors (2022: two Directors) exercised share options with a total gain on exercise of £576,000 (£329,000 related to the highest paid Director).

During the year no Directors (2022: no Directors) participated in defined benefit pension schemes and two Directors (2022: two Directors) participated in a defined contribution pension scheme.

The amounts set out above include remuneration in respect of the highest paid Director as follows:	**2023 £'000**	**2022 £'000**
Aggregate emoluments	400	372
Company pension contributions to a defined contribution scheme	21	16

4. Net finance income/(expense)

	2023 £'000	**2022 £'000**
Payable on bank loans and overdrafts	-	(34)
Interest expense for leasing arrangements	(82)	(61)
Receivable on bank balances	187	22
Other finance income	-	4
Pension scheme income/(expense) (see note 25)	37	(13)
Net finance income/(expense)	142	(82)

5. Tax on profit

The tax charge represents:	**2023 £'000**	**2022 £'000**
Corporation tax at 23.52% (2022 - 19%)	2,986	505
Adjustments in respect of prior years	(17)	51
Total current tax	2,969	556
Deferred tax charge at 25% (2022 - 25%)	95	593
Adjustments in respect of prior years	(1)	(54)
Total tax charge for the year	3,063	1,095

The tax assessed for the year is at the standard rate of corporation tax in the United Kingdom of 23.52% (2022: 19%). The differences are explained as follows:	**2023 £'000**	**2022 £'000**
Profit before tax	13,388	5,829
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 23.52% (2022: 19%)	3,149	1,108
Effects of:		
expenses not deductible for tax purposes	131	5
fixed asset differences	36	(144)
adjustments to tax charge in respect of prior years	(18)	(3)
rate differences	6	152
other adjustments	(241)	(23)
Total tax charge for year	3,063	1,095

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 substantively 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.

Notes forming part of the Group financial statements (continued)

6. Dividends

A final dividend in respect of 2022 of 15.5 pence (£1,900,000) per ordinary share was paid on 4 July 2023. No interim dividends were paid in 2023. A final dividend has been proposed in respect of 2023 of 33.0 pence (£4,268,000) 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.

In accordance with the Company's Articles of Association a write-back of £2,000 (2022: £142,000) has been recognised during the year relating to unclaimed dividends over 12 years old.

7. Earnings per share

	2023 £'000	2022 £'000
Basic earnings per share	84.4p	39.1p
Diluted earnings per share	79.3p	37.8p

Basic earnings per share is calculated by dividing the profit for the year of £10,325,000 (2022: profit for the year of £4,734,000) by 12,232,690 (2022: 12,117,190) 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 £10,325,000 (2022: profit for the year of £4,734,000) by 13,014,903 (2022: 12,507,863) 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 782,213 (2022: 386,481).

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 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 1 January 2023	8,354	3,078	22,090	334	33,856
Additions	-	28	2,899	-	2,927
Reclassification	-	-	321	(321)	-
Disposals	-	-	(1,191)	-	(1,191)
Revaluation	4,066	740	-	-	4,806
At 31 December 2023	12,420	3,846	24,119	13	40,398
Depreciation					
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 1 January 2023	1,113	131	13,348	-	14,592
Charge for year	87	188	1,940	-	2,215
Disposals	-	-	(1,048)	-	(1,048)
Impairment	-	-	372	-	372
Revaluation	(1,062)	-	-	-	(1,062)
At 31 December 2023	138	319	14,612	-	15,069
Net book value at 31 December 2023	12,282	3,527	9,507	13	25,329
Net book value at 31 December 2022	7,241	2,947	8,742	334	19,264

Freehold property includes £5,808,333 in respect of land which is held at fair value and is not subject to depreciation. Long leasehold property includes £1,740,000 in respect of land which is held at fair value and is not subject to depreciation.

If land and buildings were stated on the historical cost basis, including long leasehold property of £1,000,000 in respect of land which is not subject to depreciation, the amount would be as follows:

	2023 £'000	2022 £'000
At 1 January	9,354	9,354
Accumulated depreciation	(1,200)	(1,113)
At 31 December	8,154	8,241

Included within land and buildings above, is land with a cost of £3,994,000 inclusive of freehold land of £1,740,000, both of which are not depreciated.

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

The Group has a contractual commitment to acquire plant of £2,025,000 payable in 2024. There were no other material contractual commitments to acquire property, plant and equipment at 31 December 2023 (2022: £970,000).

Notes forming part of the Group financial statements (continued)

9. Investment property

	2023 £'000	2022 £'000
At 1 January 2023	464	-
Additions	120	404
Transfers from property, plant and equipment	-	60
Fair value adjustment	30	-
At 31 December 2023	614	464

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 company's subsidiary undertakings 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
Billington Investment Management Limited	Residential property leasing	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

Billington Investment Management Limited was incorporated on 11 April 2023.

Certain subsidiaries of the Group have opted to take advantage of a statutory exemption from having an audit in respect of their individual statutory accounts. Strict criteria must be met for this exemption to be taken and must be agreed by the directors of those subsidiary companies.

In order to facilitate the adoption of this exemption, Billington Holdings Plc, the ultimate parent company of the subsidiaries concerned, undertakes to provide a guarantee under Section 479C of the Companies Act 20006 is respect of those subsidiaries.

The subsidiaries controlled and consolidated by the Group where the directors have taken advantage of the exemption from having an audit of the companies' individual financial statements in accordance with Section 479C of the Companies Act 2006 are listed below.

Company name	Company number	Year end
Easi-Edge Limited	06312583	31 December 2023
Hoard-it Limited	07299124	31 December 2023
Specialist Protective Coatings Limited	13811390	31 December 2023
Billington Fleet Management Limited	06545617	31 December 2023
Billington Investment Management Limited	14792729	31 December 2023

Notes forming part of the Group financial statements (continued)

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 HMRC approved or unapproved share schemes to employees of the Group.

As of 31 December 2023 the Trust held 590,330 (2022: 812,945) ordinary shares of 10p each in the capital of the company (4.56% of the allotted share capital (2022: 6.2%)). The market value of the shares in the ESOT Trust at 31 December 2023 was £2,686,001 (2022:£2,235,599).

Dividends have been waived by the Trust.

During the year ended 31 December 2023, 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 share options 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	
	2023 No.	2022 No.	2023 £	2022 £
Brought forward at 1 January	993,669	474,577	0.14	0.29
Granted	236,569	730,827	-	-
Exercised	(249,516)	(8,385)	0.32	-
Lapsed	(52,004)	(203,350)	0.23	-
Outstanding at 31 December	928,718	993,669	0.05	0.14
Exerciseable at 31 December	16,112	77,309	3.03	1.78

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2023 was £3.98 (2022: £2.18).

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 following inputs were used:

Scheme	Approved ESOT	LTIP 2022 - 2023	LTIP 2022 - 2024	LTIP 2023 - 2025
Date of Grant	18 Jan 2016	27 July 2022	27 July 2022	31 Dec 2023*
Share price at date of grant	303p	196.5p	196.5p	455p
Weighted average exercise price	263p	nil	nil	nil
Expected volatility	25.0%	n/a	n/a	n/a
Expected dividend yield	nil	nil	nil	nil
Risk free rate	1.5%	n/a	n/a	n/a
Expected option life	3 years	2 years	3 years	3 years

*Formal grant of the options had not yet occurred. As such, the fair value of the options is based on the share price at 31 December 2023.

The assessed fair value at grant date of options granted during the year ended 31 December 2023 was £4.55 per option (2022: £1.965).

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 share option charge for the year was £939,000 (2022: £806,000).

Notes forming part of the Group financial statements (continued)

12. Inventories

	2023 £'000	2022 £'000
Raw materials	1,576	3,334

Raw materials recognised as an expense in the Income Statement for the year ended 31 December 2023 totalled £4,076,000 (2022: £4,223,000).

The provision against the value of raw materials at the balance sheet date was £173,000 (2022: £84,000).

No reversal of previous write-downs was recognised as a reduction of expense in 2023 or 2022. None of the inventories are pledged as securities for liabilities.

13. Contract work in progress

	2023 £'000	2022 £'000
Contract work in progress	6,540	13,548

The provision against contract work in progress at the balance sheet date was £1,248,000 (2022: £nil).

14. Trade and other receivables

	2023 £'000	2022 £'000
Amounts due from customers:		
- Trade receivables	16,365	5,908
- Retentions due within one year	3,840	1,992
- Retentions due after one year	1,008	206
Total	21,213	8,106
Other receivables	964	909
Prepayments and accrued income	1,405	1,243
	23,582	10,258

Detailed disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses are included in note 20. Certain trade receivables were found to be impaired and a loss allowance for lifetime credit losses of £583,000 (2022: £551,000) has been recorded accordingly. The amount debited to the consolidated income statement for the year in relation to expected credit losses was £2,000 (2022: £54,000).

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

	2023 £'000	2022 £'000
Balance at 1 January	551	542
Impairment loss	34	54
Receivables written off during the year	(2)	(45)
Balance at 31 December	583	551

15. Trade and other payables

	2023 £'000	2022 £'000
Trade payables	14,882	12,884
Social security and other taxes	891	595
Other payables	250	177
Contract liabilities	5,828	5,482
Contract losses	1,870	-
Accruals	4,760	2,906
	28,481	22,044

16. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	10,084	6,623
Short term deposits	12,000	5,011
	22,084	11,634

17. Long term borrowings

	2023 £'000	2022 £'000
Property loans (note 18)	-	750

18. Property loans

	2023 £'000	2022 £'000
Loans at commercial rates:		
due within one year	-	250
repayable within five years	-	500
	-	750

The bank loan is secured by way of first legal charge over certain freehold properties of the Group. The loan was for a five year term and interest was payable at 2% over bank base rate. The loan was repaid in January 2023.

19. Deferred tax liability

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 25% (2022: 25%).

	2023 £'000	2022 £'000
Deferred tax liability		
Accelerated capital allowances	(1,056)	(777)
Other temporary differences	(10)	(204)
Revaluation of land and buildings	(1,467)	-
Pension surplus	(468)	(544)
	(3,001)	(1,525)
Deferred tax movement in the year		
At 1 January	(1,525)|	(1,108)|
Recognised in the income statement	(94)	(539)
Recognised in other comprehensive income	(1,382)	122
At 31 December	(3001)	(1,525)

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 deferred tax assets are 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, 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 2023	Amortised cost £'000	FVOCI £'000	Total £'000
Current financial assets			
Trade and other receivables	22,177	-	22,177
Cash and cash equivalents	22,084	-	22,084
	44,261	-	44,261
Liabilities			
Trade, other payables and accruals	19,892	-	19,892
Lease liabilities	1,798	-	1,798
Derivative financial instruments	-	(31)	(31)
	21,690	(31)	21,659

31 December 2022	Amortised cost £'000	FVOCI £'000	Total £'000
Current financial assets			
Trade and other receivables	9,015	-	9,015
Cash and cash equivalents	11,634	-	11,634
	20,649	-	20,649
Liabilities			
Trade, other payables	15,967	-	15,967
Lease liabilities	1,941	-	1,941
Non-current borrowings	500	-	500
Current borrowings	250	-	250
	18,658	-	18,658

Derivative financial instruments

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

	2023 £'000	2022 £'000
EUR time-option forward contracts	(31)	-
Derivative financial liabilities	(31)	-

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

As at 31 December 2023 the Group had an open forward exchange contract to sell EUR 2,750,000. The contract is a time-option that matures January to June 2024 and the forward rate of the contract is 1.1669. The fair value of the contract as at 31 December 2023 was a liability of £31,000. The Group had no open forward exchange contracts as at 31 December 2022.

The forward exchange contract is considered by management to be part of economic hedge arrangements and has formally been designated as such. Therefore a loss of £31,000 has been recognised in the other comprehensive income during the year.

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

Notes forming part of the Group financial statements (continued)

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.

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 was exposed to changes in market interest rates through bank borrowings at variable interest rates. Following the repayment of bank borrowings during the year, the Group is no longer exposed to changes in market interest rates through bank borrowings. 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% (2022: +/- 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 2023	-	-	-	-
31 December 2022	(8)	8	(8)	8

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 2023 and 1 January 2023 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 accordingly 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 material 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 2023 was determined as follows:

	Trade receivables days past due				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit rate loss	1%	20%	51%	99%	3%
Gross carrying amount (£'000)	16,324	292	43	289	16,948
Lifetime expected credit loss (£'000)	(217)	(57)	(22)	(287)	(583)

The closing balance of the of the trade receivables loss allowance as at 31 December 2023 reconciles with the trade receivables loss allowance opening balance as follows:

	£'000
Opening loss allowance as at 1 January 2023	551
Loss allowance recognised during the year	34
Receivables written off during the year	(2)
Loss allowance as at 31 December 2023	583

Contract assets

All contract assets are considered current as at 31 December 2023 and 31 December 2022. 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 2023 is £1,248,000 (2022: £nil).

Notes forming part of the Group financial statements (continued)

Liquidity risk

As at 31 December 2023 the Group's financial liabilities have contractual maturities (including interest payments where applicable) which are summarised below:

31 December 2023	Current within six months £'000	Current six to twelve months £'000	Between one and five years £'000	Greater than five years £'000
Trade payables	14,882	-	-	-
Other payables	5,010	-	-	-
Lease liabilities	116	116	927	1,033
	20,008	116	927	1,033

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

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 and accruals	3,083	-	-	-
Property loans	146	142	524	-
Lease liabilities	108	116	927	1,265
	16,221	258	1,451	1,265

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. Fair value measurement

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** Unobservable inputs for the asset or liability

31 December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Land and buidlings	-	-	14,022	14,022
Investment property	-	-	614	614
	-	-	14,636	14,636
Liabilities				
Forward foreign exchange contracts	-	(31)	-	(31)
	-	(31)	-	(31)

As at 31 December 2022 the only assets held at fair value were investment property. The fair value at 31 December 2022 was equal to the historic cost of £464,000. There were no liabilities held at fair value at 31 December 2022.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The basis of the valuation of land and buildings and the investment property is fair value. The land and buildings were revalued for the first time on 31 December 2023 based on independent assessments by RICS Registered Valuers having recent experience in the location and category of land and buildings being valued. Valuations are based on current prices for similar properties in the same location and condition.

Derivative financial instruments have been valued based on the present value of future cash flows based on the forward exchange rates at the reporting date.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Land and buildings	Investment property	Total
Balance at 1 January 2023	8,241	464	8,705
Additions	-	120	120
Depreciation	(87)	-	(87)
Gains recognised in profit or loss	-	30	30
Gains recognised in other comprehensive income	5,868	-	5,868
Balance at 31 December 2023	14,022	614	14,636

The unobservable inputs used to determine the fair value to land and buildings are the market values per square foot that the properties could expect to realise if sold on the open market. A range of values have been used across the property portfolio from £25 to £85 per square foot. A 1% change in market values would increase or decrease fair value by £140,000.

Notes forming part of the Group financial statements (continued)

22. Equity

Called up share capital

	2023		2022	
	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 2023 and shares held by the ESOT are given in note 11.

Other components of equity

The details of other components of equity are as follows:

	Revaluation of land and buildings £'000	ESOT £'000	Financial instruments at FVOCI £'000	Total £'000
At 1 January 2022	-	(770)	-	(770)
ESOT movement in year	-	9	-	9
At 31 December 2022	-	(761)	-	(761)
At 1 January 2023	-	(761)	-	(761)
Revaluation of land and buildings	5,868	-	-	5,868
Deferred tax on revaluation	(1,467)	-	-	(1,467)
ESOT movement in year	-	238	-	238
Financial instruments	-	-	(31)	(31)
At 31 December 2023	4,401	(523)	(31)	3,847

23. Ultimate controlling related party

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

24. Leases

The balance sheet shows the following amounts relating to leases:

Right of use assets included within property, plant and equipment

	2023 £'000	2022 £'000
Long leasehold property	1,788	1,947
	1,788	1,947

Lease liabilities

	2023 £'000	2022 £'000
Current	157	143
Non-current	1,641	1,798
	1,798	1,941

There were additions of £28,000 to right of use assets during the year (2022: £2,078,000).

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:

	2023 £'000	2022 £'000
Depreciation of right of use assets:		
Property	188	131
Interest expense (included in net finance costs)	82	61

The total cash outflow for leases for the period was £225,000 (2022: £135,000).

Notes forming part of the Group financial statements (continued)

25. 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 £796,000 (2022: £650,000).

Defined contribution schemes accounted for £796,000 (2022: £650,000) of this amount with £nil (2022: £nil) relating to a defined benefit scheme, where the benefits are based on final pensionable pay.

The defined benefit scheme is legally separate 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 defined benefit obligation relating to the defined benefit scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit credit method of valuation. The latest actuarial valuation of the Company's pension scheme was carried out as at 31 March 2023 (approved 16 November 2023).

In accordance with the terms of the schedule of contributions dated 16 November 2023 the Company expects to contribute approximately £nil to the defined benefit pension scheme in the year ending 31 December 2024. The next scheme funding actuarial valuation is due as at 31 March 2026. 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 the group has an unconditional right of refund of any surplus upon satisfaction of the scheme's liabilities..

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

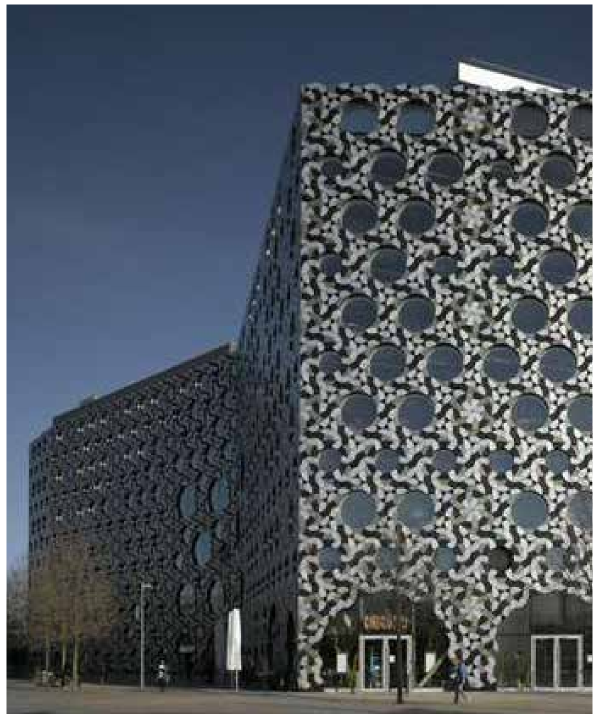
Interest rate risk
The present value of the defined benefit liabilities is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation.

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 2023 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 of the defined benefit liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.



The value of the assets of the schemes at 31 December were:

	2023 £'000	2022 £'000
Bonds - UK Government	5,205	5,250
Cash	116	53
Other	1,290	1,517
Total market value of assets	6,611	6,820
Present value of scheme liabilities	(4,740)	(4,646)
Surplus in the scheme	1,871	2,174
Related deferred tax liability	(468)	(544)
Net pension asset	1,403	1,630

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:

	2023 £'000	2022 £'000
Defined benefit obligation	(4,740)	(4,646)
Fair value of plan assets	6,611	6,820
Scheme surplus	1,871	2,174

Analysis of the amount recognised in profit or loss:

Interest income	318	172
Interest on pension scheme liabilities	(215)	(124))
Administration cost	(66)	(61)
Total income/(expense) recognised in profit or loss	37	(13)

Analysis of amount recognised in statement of comprehensive income:

Return on plan assets (excluding amounts included in net interest)	(139)	(2,725)
Actuarial (losses)/gains from changes in financial assumptions	(125)	2,443
Actuarial gains from changes in demographic assumptions	83	6
Actuarial losses from experience differing from that assumed	(159)	(210)
Total loss recognised in other comprehensive income	(340)	(486)

Notes forming part of the Group financial statements (continued)

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

	2023 £'000	2022 £'000
At 1 January	6,820	9,693
Interest cost	318	172
Return on plan assets (excluding amounts included in net interest)	(139)	(2,725)
Benefits paid	(322)	(259)
Administration costs	(66)	(61)
At 31 December	6,611	6,820

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

	2023 £'000	2022 £'000
At 1 January	(4,646)	(7,020)
Interest cost	(215)	(124)
Remeasurement - actuarial (losses)/gains from changes in financial assumptions	(125)	2,443
Remeasurement - actuarial gains from changes in demographic assumptions	83	6
Remeasurement - experience differing from that assumed	(159)	(210)
Benefits paid	322	259
At 31 December	(4,740)	(4,646)

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:

	2023 %	2022 %
Rate of increase in pensionable salaries	2.5	2.5
Rate of increase in pensions in payment	2.9	3.1
Discount rate	4.5	4.8
Inflation assumption	3.0	3.1

The mortality assumption adopted for the purposes of the calculations as at 31 December 2023 is as follows:

- Base table: S3PxA tables, year of birth
- Future mortality improvements: CMI 2022 mortality projection model at 1.5% per annum.

Average life expectancies - Billington Scheme

	2023 £'000	2022 £'000
Male retiring at reporting date at age 62 (in years)	24.4	25.0
Male retiring at reporting date +20 years at age 62 (in years)	26.2	26.7
Female retiring at reporting date at age 62 (in years)	27.1	27.5
Female retiring at reporting date +20 years at age 62 (in years)	28.8	29.3

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.

Impact of changes in the significant actuarial assumptions:

	2023 £'000	2022 £'000
0.5% increase to discount rate	(284)	(279)
0.5% increase in inflation and related assumptions	142	139
1 year increase in life expectancy	142	139

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.

Notes forming part of the Group financial statements (continued)

26. Related party transactions

During the year sales of £nil (2022: £42,000) were made to related parties. In 2022, one of the Group subsidiaries, Easi-Edge Limited, made sales to Tolent Construction Limited. A non-executive Director of the ultimate parent of Tolent Construction Limited was 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 2023 £nil (2022: £38,000) 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.

Key management personnel

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:

	2023 £'000	2022 £'000
Short-term employee benefits	1,070	907
Post-employment benefits	38	32
Share based payment charge	605	524
	1,713	1,463

27. Reconciliation of financing activities

	Cash and cash equivalents £'000	Property loans £'000	Lease liabilities £'000	Total £'000
At 1 January 2022	10,382	(1,000)	-	9,382
Cash flow	1,252	250	96	1,598
Non-cash	-	-	(2,037)	(2,037)
At 31 December 2022	11,634	(750)	(1,941)	8,943
Cash flow	10,450	750	143	11,343
Non-cash	-	-	-	-
At 31 December 2023	22,084	-	(1,798)	20,286

Parent company statement of financial position

as at 31 December 2023

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Non-current assets					
Property, plant and equipment	8		13,991		8,214
Investment property	9		494		464
Investments in subsidiaries	10		1,223		570
Deferred tax asset	15		-		167
Total non current assets			15,708		9,415
Current assets					
Debtors	12	2,577		2,392	
Cash at bank and in hand		22,082		11,619	
Total current assets			24,659		14,011
Total assets			40,367		23,426
Current liabilities					
Creditors	13	(11,382)		(5,781)	
Current tax payable		-		(3)	
Total current liabilities			(11,382)		(5,784)
Non-current liabilities					
Deferred tax liability	15	(1,232)		-	
Long term borrowings	14	-		500	
Total non-current liabilities			(1,232)		(500)
Total liabilities			(12,614)		(6,284)
Net assets			27,753		17,142
Capital and reserves					
Share capital	16		1,293		1,293
Share premium			1,864		1,864
Capital redemption reserve			132		132
Other reserve			3,878		(761)
Retained earnings			20,586		14,614
Shareholders' funds			27,753		17,142

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

The profit after taxation of the company for the year was £6,793,000 (2022: £644,000). Total comprehensive income of the company for the year was £11,194,000 (2022: £644,000).

The parent company financial statements were approved and authorised for issue by the Board of Directors on 15 April 2024.

Ian Lawson
Non-Executive Chairman

Trevor Taylor
Chief Financial Officer

Notes 1 to 21 form part of these parent company financial statements.

Parent company statement of changes in equity

for the year ended 31 December 2023

	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

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve - ESOT £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2023	1,293	1,864	132	(761)	14,614	17,142
ESOT movement in year	-	-	-	238	(228)	10
Profit for the financial year	-	-	-	-	6,793	6,793
Credit relating to equity-settled share based payments	-	-	-	-	1,305	1,305
Dividends	-	-	-	-	(1,898)	(1,898)
Revaluation of land and buildings	-	-	-	5,868	-	5,868
Deferred tax on revaluation	-	-	-	(1,467)	-	(1,467)
At 31 December 2023	1,293	1,864	132	3,878	20,586	27,753

Notes 1 to 21 form part of these parent company financial statements.

Notes forming part of the parent company financial statements

for the year ended 31 December 2023

1. Company information

Billington Holdings Plc is a company domiciled in England and Wales, registration number 02402219. The registered office is Barnsley Road, Wombwell, Barnsley, South Yorkshire, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

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 Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues'
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

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:

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. There are no areas of significant judgment and estimation.

4. Accounting Policies

Going concern

The financial statements have been prepared on a going concern basis. The going concern basis of the parent company is dependent on that of the Group. 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 and its continued positive trading performance in 2023 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2024.

The Company has a gross cash balance of £22.1 million as at 31 December 2023 with no long-term borrowings or commitments. The Company repaid its only remaining borrowing at the start of the year, 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.

Since the year end the Company has entered into an agreement with HSBC, the Company's bankers for a £6.0 million Revolving Credit Facility for 3 years to March 2027, which provide further funding and headroom security.

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 Group has secured a number of significant contracts in 2024 for delivery in 2024 and 2025 and has a record orderbook as at March 2024.

The Group anticipates making further progress in terms of volumes and efficiency enhancements in 2024. The Directors are forecasting trading performance will continue to improve in comparison to historical levels, 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 2025, 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 additional funding requirements.

The Directors expect that the parent comapany and 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

During the year, the Company has chosen to voluntarily change accounting policy from a cost to a revaluation model for land and buildings as it results in more reliable and relevant information, the assets fair value, being provided. On initial application, the assets were revalued at the year end through other comprehensive income with no retrospective restatement of comparatives.

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equity. All other property, plant and equipment is recognised at historic cost less depreciation.

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.

Notes forming part of the parent company financial statements (continued)

(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 in the income statement.

Investment properties held by the Company and leased to other group entities are accounted for as property, plant and equipment using the cost model.

(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.

Short-term benefits

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.

(e) Investments

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

(f) Cash

Cash comprises cash at bank and in hand.

(g) Employee Share Ownership Trust (ESOT)

The Companys 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 financial statements as the Company 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.

(h) Share-based payment transactions

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

(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.

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.

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.

(j) Leased assets

All leases are operating leases and the annual rentals are charged wholly to profit or loss on a straight line basis over the lease term.

5. Profit before taxation

	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	80	55

6. Directors and employees

Staff costs during the year including Directors:

	2023 £'000	2022 £'000
Wages and salaries	1,977	1,607
Social security	521	246
Pension costs	88	69
Share-based payments	652	559
	3,238	2,481

The average number of administration employees of the company during the year was 25 (2022: 21).

Information relating Directors' emoluments, pension entitlements, share options and LTIP interests are inlcuded in Note 3 of the consolidated financial statements.

7. Dividends

A final dividend in respect of 2022 of 15.5 pence (£1,900,000) per ordinary share was paid on 4 July 2023. No interim dividends were paid in 2023. A final dividend has been proposed in respect of 2023 of 33.0 pence (£4,268,000) 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.

In accordance with the Company's Articles of Association a write-back of £2,000 (2022: £142,000) has been recognised during the year relating to unclaimed dividends over 12 years old.

Notes forming part of the parent company financial statements (continued)

8. Property, plant and equipment

	Land & buildings £'000	Plant & equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2023	9,139	157	13	9,309
Additions	-	11	-	11
Revaluation	4,806	-	-	4,806
Transfer	-	13	(13)	-
At 31 December 2023	13,945	181	-	14,126
Depreciation				
At 1 January 2023	975	120	-	1,095
Charge for year	87	15	-	102
Revaluation	(1,062)	-		(1,062)
At 31 December 2023	-	135	-	135
Net book value at 31 December 2023	13,945	46	-	13,991
Net book value at 31 December 2022	8,164	37	13	8,214

Included within land and buildings above is land with a fair value of £5,808,333 inclusive of leasehold land of £1,740,000, both of which are not depreciated.

If land and buildings were stated on the historical cost basis, the amount would be as follows:

	2023 £'000	2022 £'000
At 1 January	9,139	9,139
Accumulated depreciation	(1,062)	(975)
At 31 December	8,077	8,164

Included within land and buildings above, is land with a cost of £3,994,000 inclusive of freehold land of £1,740,000, both of which are not depreciated.

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

9. Investment property

	2023 £'000	2022 £'000
At 1 January	464	-
Additions	-	404
Transfers from property, plant and equipment	-	60
Fair value adjustment	30	-
At 31 December	494	464

10. Investments

	2023 £'000	2022 £'000
Shares in subsidiary undertakings:		
At 1 January	570	570
Capital contributions	653	-
At 31 December	1,223	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.

Capital contributions of £287,000 were made during the year ended 31 December 2023 in relation to share-based payments on behalf of subsidiaries in the current year and £366,000 in relation to the prior year.

Notes forming part of the parent company financial statements (continued)

11. Share based payments

Details of the share-based payment arrangements are the same for the parent company as for the Group and the relevant information is disclosed in Note 11 of the consolidated financial statements.

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 £652,000 (2022: debit of £559,000) in respect of the company. In addition a share-based payment charge of £287,000 has been recognised on behalf of subsidiaries in the current year and £366,000 in relation to the prior year.

12. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	2,518	2,328
Other debtors	32	11
Prepayments	27	53
	2,577	2,392

Amounts owed by group undertakings are repayable 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

	2023 £'000	2022 £'000
Bank loans	-	250
Trade creditors	34	417
Amounts owed to group undertakings	10,288	4,539
Social security and other taxes	76	62
Accruals	984	513
	11,382	5,781

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

14. Long term borrowings

	2023 £'000	2022 £'000
Bank loans	-	500
Bank loans are repayable as follows:		
Within one year	-	250
Between one to two years	-	250
Between two to five years	-	250
	-	750

The bank loans are secured by way of first legal mortgage over certain freehold properties of the Group. The loan was repaid in January 2023.

15. Deferred tax

Deferred tax provided in the financial statements is set out below and is calculated using a tax rate of 25% (2022: 25%).

	2023 £'000	2022 £'000
Accelerated capital allowances	(7)	(3)
Other short term timing differences	242	170
	235	167
Deferred tax recognised in other comprehensive income Revaluation of land and buildings	(1,467)	-
Total deferred tax (liability)/asset	(1,232)	167

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.

Notes forming part of the parent company financial statements (continued)

16. Called up share capital

Equity

	2023		2022	
	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 2023 and shares held by the ESOT are given in note 11 of the Group financial statements.

17. Reserves

Share premium - consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve - the nominal value of shares repurchased and still held at the end of the reporting period.

Other reserve - represents the accumulated balance of share capital held by the Employee Share Ownership Trust and cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

Retained earnings - cumulative profit and loss net of distributions to owners.

Other components of equity

The details of other components of equity are as follows:

	Revaluation of land and buildings £'000	ESOT £'000	Total £'000
At 1 January 2022	-	(770)	(770)
ESOT movement in year	-	9	9
At 31 December 2022	-	(761)	(761)
At 1 January 2023	-	(761)	(761)
Revaluation of land and buildings	5,868	-	5,868
Deferred tax on revaluation	(1,467)		(1,467)
ESOT movement in year	-	238	238
At 31 December 2023	4,401	(523)	3,878

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 £88,000 (2022: £69,000).

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 or contingent liabilities.

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

Billington
Holdings Plc

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