

Established 1858

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BILLINGTON
and son limited

Report & Accounts 2010



**Edward Billington and Son Limited
and Subsidiaries**

Annual Report and Accounts

For the year ended 31st August 2010

Company Registration Number 59883

Edward Billington and Son Limited and Subsidiaries

Annual Report and Accounts

For the year ended 31st August 2010

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Edward Billington and Son Limited and Subsidiaries

Directors' Report

For the year ended 31st August 2010

The directors present their report to the shareholders together with the audited accounts for the year ended 31st August 2010.

Profits, dividends and retentions

The results for the year are shown on the Consolidated Profit and Loss Account on page 6.

The profit on ordinary activities of the group, before taxation and minority interests, amounts to £8,798,597 (2009 £6,407,829).

Dividends of 55% (2009 44%) are proposed for approval at the forthcoming Annual General Meeting. An interim dividend of 20% was paid during the year and is included within the total amount of £1,191,000 shown as a deduction against this year's reserves, together with the £819,000 proposed in the previous year's accounts. The balance of the dividends for the year will fall into the 31st August 2011 accounts, when they are paid.

Review of the principal activities of the business

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

The group's turnover was £190,882,305 (2009 £187,488,761). These figures exclude the turnover of Wholesome Sweeteners Inc. This increased by 45% during 2010 to £67,800,000.

English Provender Company Limited increased sales and profits substantially during the year. The "Very Lazy" TV advertising and marketing campaign during the year was successful, raising the profile of the brand and increasing sales.

Once again, Wholesome Sweeteners Inc. continued its outstanding growth with particular progress for its "Wholesome Sweeteners" brand. A major part of this growth has come from the introduction of its agave products and increased distribution of all products to the grocery retail market.

Criddle & Co. Limited performed well and increased its scale and profits once again. The summer months of 2010 saw agricultural commodity prices increasing sharply, at rates not seen since the historic rises in 2008. Our traders correctly anticipated the market move and this key judgement led to good profits. Our grain trading team continued to expand.

Carrs Billington Agriculture performed slightly better than last year. The market for compound feed, and the continued overcapacity in the industry, continued to present difficulties although this was partially offset by increased demand during the harsh winter weather. Income from fuel distribution and the retail branches continued to grow significantly which has helped reduce our dependency on animal feed.

The directors are delighted with the performance of the group during 2010. A profit of £8,181,627 (after deducting minority interests) was achieved and represents a pre-tax return on shareholders' funds of 28%.

The 2011 financial year has started very well and we are trading ahead of budget. Commodity prices are continuing to rise, pushing up the cost of food and, whilst this has benefited our agricultural businesses to date, it is essential that our selling prices pass on these inflationary costs in order to protect our profit margins. We believe that this will be the most critical factor affecting the profitability of all food businesses in the coming months.

We are confident that we have strong businesses with excellent market positions and are well placed to see further growth in 2011.

Edward Billington and Son Limited and Subsidiaries

Directors' Report

For the year ended 31st August 2010 [Continued]

Financial risk management objectives and policies

The group uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable. The directors receive regular reports on these figures in order to manage the group's requirements.

The group is exposed to normal credit and cash flow risks associated with selling on credit and manages this through credit control procedures.

Criddle & Co. Limited trades mainly in animal feed commodities and enters into fixed price contracts to be taken up at a future date. The majority of the price risk associated with such trading is mitigated by matching sales and purchase contracts and futures contracts are also used to minimise market risk. The directors closely monitor current cost price movements in order to manage the risk.

Wholesome Sweeteners Inc., is a company incorporated in the USA and the US Dollar is therefore its functional currency. The group's consolidated accounts together with the value of remittances from the USA are subject to foreign exchange risk. The directors continually monitor this risk and consider that the level of risk is acceptable.

Employees

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

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

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

Policy on payment of creditors

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

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

Climate change

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

Edward Billington and Son Limited and Subsidiaries

Directors' Report

For the year ended 31st August 2010 [Continued]

Directors and directors' interests

The members of the Board of Directors at 31st August 2010, together with details of their interests in the share capital of Edward Billington and Son Limited, are shown below:

	Ordinary shares of £1 each		Preferred ordinary shares of £1 each	
	2010	2009	2010	2009
E.W. Billington	68,726	68,726	18,454	18,454
G.M. Blake	50	-	2,206	1,926
M.R. Cashin	2,625	2,625	21,170	21,170
D. Marshall	99	99	8,050	8,050
R.R. Toomey	15,259	15,259	3,730	3,730
L.L.R. Whiteley	119,074	119,074	33,095	33,095

The holding of ordinary shares of Mr. E.W. Billington and Mr. L.L.R. Whiteley stated above includes 26,672 2007 'A' ordinary shares and 31,200 2007 'B' ordinary shares respectively.

Mr. G.M. Blake was appointed as a director on 1st September 2009.

Mr. L.L.R. Whiteley and Mr. E.W. Billington retire by rotation and, being eligible, offer themselves for re-election.

Charitable donations

During the year the group contributed £9,123 for charitable purposes (2009 £6,451).

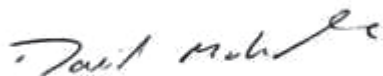
Insurance of directors

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

Auditors

Mitchell Charlesworth are willing to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By order of the Board



David Marshall
Secretary

Cunard Building
Liverpool L3 1EL

Approved by the Board of Directors on 7th January 2011

Edward Billington and Son Limited and Subsidiaries

Statement of Directors' Responsibilities

For the year ended 31st August 2010

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations.

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

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

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Mitchell Charlesworth

Chartered Accountants

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

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

We have audited the accounts of Edward Billington and Son Limited for the year ended 31st August 2010 on pages 6 to 36 which have been prepared on the basis of the accounting policies set out on pages 10 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board (APB's) Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the accounts.

Opinion

In our opinion the accounts:

- give a true and fair view of the state of the affairs of the group and company as at 31st August 2010 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

P.L. GRIFFITHS
(Senior Statutory Auditor)
For and on behalf of
MITCHELL CHARLESWORTH
Chartered Accountants
Statutory Auditor



7th January 2011

Edward Billington and Son Limited and Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31st August 2010

	Notes	Total 2010 £'000	Total 2009 £'000
Turnover	2	190,882	187,489
Cost of sales		(162,493)	(160,052)
Gross profit		28,389	27,437
Distribution costs		(11,721)	(10,762)
Administrative expenses		(12,747)	(12,139)
Operating profit	3	3,921	4,536
Share of operating results of associates and joint venture	5	5,765	3,047
Exceptional items	6	-	(189)
Profit on ordinary activities before interest		9,686	7,394
Net interest paid	7	(887)	(986)
Profit on ordinary activities before taxation		8,799	6,408
Taxation	8	(3,196)	(2,294)
Profit on ordinary activities after taxation		5,603	4,114
Minority interests	19	(416)	(811)
Profit attributable to the members of the holding company	21	5,187	3,303

The notes on pages 10 to 36 form part of these accounts.

The turnover and operating profit are wholly attributable to continuing operations.

Dividends amounting to £1,023,693 (2009 £818,954) are proposed for the year and are detailed in note 9.

Edward Billington and Son Limited and Subsidiaries

Balance Sheets

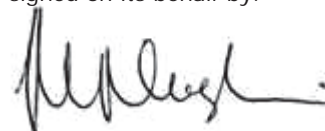
As at 31st August 2010

	Notes	Group		Company	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
Fixed assets					
Tangible assets	10	20,351	19,383	802	786
Intangible assets	11	6,190	7,293	5,896	6,868
Investments	12	10,636	6,922	8,503	8,503
		37,177	33,598	15,201	16,157
Current assets					
Stocks	13	8,576	9,172	24	22
Debtors	14	26,287	24,318	12,287	12,112
Cash at bank and in hand		2,201	1,415	26	1,319
		37,064	34,905	12,337	13,453
Creditors					
Amounts falling due within one year	15	(28,484)	(26,774)	(9,575)	(10,376)
Net current assets		8,580	8,131	2,762	3,077
Total assets less current liabilities		45,757	41,729	17,963	19,234
Creditors					
Amounts falling due after more than one year	16	(1,933)	(2,539)	-	-
Provision for liabilities and charges	19	(3,125)	(2,485)	(464)	(464)
Net assets excluding pension liabilities		40,699	36,705	17,499	18,770
Pension liabilities	25	(9,034)	(7,915)	(5,017)	(4,347)
		31,665	28,790	12,482	14,423
Capital and reserves					
Called up share capital	20	1,861	1,861	1,861	1,861
Share premium account	21	87	87	87	87
Revaluation reserve	21	434	434	434	434
Capital reserves	21	2,776	2,776	644	644
Other reserves	21	216	205	216	205
Profit and loss account	21	26,291	23,427	9,240	11,192
Total shareholders' funds	22	31,665	28,790	12,482	14,423

Approved by the Board of Directors and authorised for issue on 7th January 2011 and are signed on its behalf by:



Lloyd Whiteley
Director



Mark Cashin
Director

The notes on pages 10 to 36 form part of these accounts.

Company Registration No. 59883

Edward Billington and Son Limited and Subsidiaries

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31st August 2010

	2010 £'000	2009 £'000
Profit for the year	5,187	3,303
Actuarial loss on net pension liabilities	(1,785)	(3,982)
Deferred tax associated with net pension liabilities	486	1,116
Exchange differences	167	292
Unrealised surplus on revaluation of fixed assets	-	339
Total recognised gains and losses relating to the year	4,055	1,068

Edward Billington and Son Limited and Subsidiaries

Consolidated Cash Flow Statement

For the year ended 31st August 2010

	Notes	2010 £'000	2009 £'000
Cash flow from operating activities	28	7,321	4,990
Returns on investments and servicing of finance			
Interest received		34	36
Interest paid		(519)	(422)
Finance lease interest		(77)	(80)
		(562)	(466)
Taxation		(669)	(1,663)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,939)	(2,611)
Disposal of tangible fixed assets		599	110
		(3,340)	(2,501)
Acquisitions and disposals			
Additional investment in subsidiary undertaking		-	(47)
Loan notes settled re prior year acquisition		-	(1,189)
		-	(1,236)
Equity dividends paid		(1,191)	(653)
Cash inflow before financing		1,559	(1,529)
Financing			
Sale of own shares in Employee Benefit Trust		13	517
Cash inflow before debt financing		1,572	(1,012)
Debt financing			
Loan repayments		(1,000)	(1,033)
New finance leases		362	567
Capital element of finance lease repayments		(396)	(437)
		(1,034)	(903)
Increase in cash in the year	29	538	(1,915)

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts

For the year ended 31st August 2010

1 Accounting policies

The group accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets referred to in note 10.

Basis of preparation

The consolidated accounts, which have been prepared in accordance with applicable Accounting Standards, incorporate the accounts of Edward Billington and Son Limited and subsidiaries.

Subsidiary undertakings are accounted for using acquisition accounting.

Joint ventures and associated undertakings are accounted for using the equity method of accounting. The group's share of their results are included in the Consolidated Profit and Loss Account and its interest in their net assets, together with any goodwill arising on acquisition, is included in investments in the Consolidated Balance Sheet.

Goodwill

Goodwill on acquisitions is capitalised as an intangible asset and amortised on a straight line basis over an estimated useful life of not more than ten years.

Negative goodwill is also capitalised on the Balance Sheet. Negative goodwill up to the value of non-monetary assets acquired is amortised to the Profit and Loss Account over the period which those assets are recovered, whether through depreciation or sale.

Turnover

Turnover represents the aggregate amount receivable from ordinary activities excluding value added tax and inter-group transactions.

Tangible fixed assets and depreciation

The group's policy is to carry all assets at historical cost, except for tangible fixed assets used in the group's trade, which are included in the Balance Sheet at a valuation existing on 30th April 2000 when the group implemented FRS 15 for the first time, and investment properties as noted below.

Depreciation of tangible fixed assets, other than freehold land, has been calculated to write off the cost or valuation of the assets, less their estimated residual value over their estimated useful lives at the following rates:

Freehold and long leasehold buildings	2% to 10%
Short leasehold buildings	10% to 33%
Plant and machinery	10% to 50%
Motor vehicles	20% to 33%

Investment properties and revaluation reserve

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the Profit and Loss Account for the year.

This is in accordance with SSAP 19 which, unlike the Companies Act, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Stocks and open transactions

Stocks have been valued at the lower of cost or net realisable value. In respect of goods for resale, cost includes all production overheads and an attributable proportion of indirect overhead expenses.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

1 Accounting policies [Continued]

Pension schemes

Contributions in respect of defined contribution pension schemes are charged to the Profit and Loss Account when they become payable. In accordance with 'FRS 17 – Retirement Benefits', the operating and financing costs of defined benefit pension schemes are recognised separately in the Profit and Loss Account. As the schemes have ceased to accrue further benefits to members, the current service costs which relate to death in service premiums are recognised in the period in which they arise together with the financing costs.

The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the Statement of Total Recognised Gains and Losses.

Employee benefit trusts

The group operates an Employee Benefit Trust in order to reward and encourage its staff. The company made an initial contribution of £158,764 to the Trust in 1992. At 31st August 2010 the total funds held by the Trustees amounted to £374,572. In accordance with UITF Abstract 32, Employee Benefit Trusts and Other Intermediate Payment Arrangements, the funds are held for the future economic benefit of the group and the assets and liabilities of the Employee Benefit Trust are included on its Balance Sheet.

The surplus of funds over the initial contribution is included within "Other Reserves". In accordance with UITF 38, the company's own shares held by the Trustees are shown as a deduction from other reserves in shareholders' funds, until such time as they vest unconditionally with employees.

At 31st August 2010 a second Employee Benefit Trust was in place. Payments due to this Employee Benefit Trust are charged to the Profit and Loss Account in the period that the benefits have accrued to individual employees and directors.

In accordance with UITF Abstract 32, Employee Benefit Trusts and Other Intermediate Payments Arrangements, the company does not include the assets and liabilities of this Employee Benefit Trust on its Balance Sheet. The company considers that it does not retain any future economic benefit from the assets of this Employee Benefit Trust, nor does it have control of the rights or other access to those future economic benefits.

Deferred taxation

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

1 Accounting policies [Continued]

Foreign currencies

Assets, liabilities and results of overseas operations are converted into sterling at the rate of exchange ruling at the Balance Sheet date with any currency adjustment taken directly to reserves. Other exchange differences are reflected in the results for the year.

Leased assets

Assets obtained under finance leases are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to Profit and Loss Account over the period of the lease. Rental payments under operating leases are charged to Profit and Loss Account as incurred.

Rentals receivable on operating leases are credited to Profit and Loss Account as they accrue.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

2 Turnover

	2010 £'000	2009 £'000
Manufacture and merchandising of foodstuffs:		
Home	189,334	185,979
Overseas	35,426	23,855
	224,760	209,834
Less: Share of joint venture turnover (overseas)	(33,878)	(22,345)
Group turnover	190,882	187,489

3 Operating profit

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

	2010 £'000	2009 £'000
Charging		
Directors' emoluments (see note 4)	2,474	1,554
Operating lease rentals	1,341	1,513
Depreciation	2,895	3,122
Amortisation of goodwill	1,103	1,410
Crediting		
Surplus on disposal of fixed assets	104	75

Included in administrative expenses for the year is £333,970 in respect of re-organisation costs incurred in transferring certain elements of the agricultural business to a central site.

Services provided by the group's auditor:

	2010 £'000	2009 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	17	17
Fees payable to the company's auditor for other services:		
Audit of the company's subsidiaries, pursuant to legislation	31	34
Accounting services	29	33
Tax services	20	23
Other services	10	10
Fees payable in respect of the Edward Billington and Son Limited Retirement Benefits Scheme		
Audit	2	2

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

4 Directors' emoluments and employment costs

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

	2010 £'000	2009 £'000
Number of directors whose emoluments are included below	6	5
Management remuneration (including benefits in kind)	657	507
Profit sharing bonuses	820	448
Pension scheme contributions	142	128
	1,619	1,083
Benefits accrued under long-term incentive plan	855	471
	2,474	1,554

Pension scheme contributions represent amounts paid to defined contribution schemes during the year. The number of directors who were members of a defined contribution scheme was 6 (2009 5) and the number who were members of a defined benefit scheme was 5 (2009 5).

	2010 £'000	2009 £'000
The emoluments of the highest paid director were as follows:		
Aggregate emoluments, excluding pension contributions	380	279
Company pension contributions to a defined contribution scheme	38	38

In addition to the above, the director was paid £721,000 during the year in respect of a five year long-term incentive plan that commenced in 2006.

All the directors are members of the Edward Billington and Son Limited Retirement Benefits Scheme, which provides defined benefits. With effect from 1st September 2006 the Scheme ceased to accrue further benefits for its active members, further details of which are given in note 25.

Employees	2010 £'000	2009 £'000
Total cost of employment:		
Wages and salaries	16,322	15,955
Social security costs	1,808	1,614
Other pension costs	662	629
	18,792	18,198

	2010 Number	2009 Number
Average number of employees		
Management and administration	82	82
Selling and distribution	53	51
Direct labour and production	455	456
	590	589

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

5 Share of operating results of associates and joint venture

	2010 £'000	2009 £'000
Share of operating profit		
Associated undertakings	1,708	1,187
Joint venture	4,057	1,860
	5,765	3,047

6 Exceptional items

	2010 £'000	2009 £'000
Costs of restructuring foods businesses	-	(189)
	-	(189)

7 Net interest paid

	2010		2009	
	£'000	£'000	£'000	£'000
Interest paid				
Bank interest	79		164	
Loan interest	19		40	
Finance leases	77		80	
Other interest	1		3	
Net finance charge on pension scheme (note 25)	436		214	
		612		501
Interest received				
Bank interest	34		26	
Other interest	-		10	
		(34)		(36)
Joint venture		578		465
Interest paid		168		335
Associated undertakings				
Interest paid		170		235
Interest received		(29)		(49)
		887		986

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

8	Taxation	2010		2009	
8.1	Analysis of charge for year	£'000	£'000	£'000	£'000
	Current tax:				
	UK corporation tax on profit for the year				
	Group companies	449		1,061	
	Associated undertakings	430		284	
	Foreign taxation				
	Group companies	3		3	
	Associated undertakings and joint venture	1,368		569	
	Adjustment in respect of previous year				
	Group companies	(30)		(38)	
	Associated undertakings	-		(4)	
	Total current tax		2,220		1,875
	Deferred tax:				
	Origination and reversal of timing differences				
	Group companies	885		386	
	Associated undertakings and joint venture	91		33	
	Total deferred tax		976		419
	Tax on profit on ordinary activities		3,196		2,294
8.2	Factors affecting the current tax charge for the year		2010		2009
			£'000		£'000
	Tax arising on profit on ordinary activities at the standard rate of corporation tax of 28% (2009 28%)		2,464		1,794
	Effects of:				
	Expenses not deductible for tax purposes		18		67
	Amortisation not deductible for tax purposes		272		395
	Capital allowances in excess of depreciation		(155)		(103)
	Credits not taxable		(15)		-
	Other timing differences		(610)		(343)
	Higher tax rates on overseas earnings		276		134
	Utilisation of tax losses		-		(33)
	Adjustment to reflect effective tax rate		-		(3)
	Adjustment in respect of previous year		(30)		(42)
	Chargeable gains		-		9
	Total		2,220		1,875

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

9 Equity dividends of Edward Billington and Son Limited

	%	2010 £'000	%	2009 £'000
Paid during the year:				
Interim - paid 25th September 2009	13.50	251	12.24	228
Final - paid 8th February 2010	30.50	568	22.86	425
Interim - paid 31st March 2010	20.00	372	-	-
Total dividends paid	64.00	1,191	35.10	653
Proposed for the year:				
Interim	-	-	13.50	251
Final - payable 11th February 2011	35.00	651	30.50	568
Total dividends proposed	35.00	651	44.0	819

Dividends totalling 55% are proposed in respect of the year. The interim dividend of 20% together with the amounts proposed in respect of the previous year have been paid and are therefore deducted from reserves as shown in note 21.

10 Tangible fixed assets

Group	Land and Buildings £'000	Plant £'000	Total £'000
Cost or valuation			
At 31st August 2009	11,815	32,505	44,320
Additions	1,955	2,126	4,081
Disposals	(26)	(1,705)	(1,731)
At 31st August 2010	13,744	32,926	46,670
At valuation:			
30th April 1983	135	320	455
30th April 1991	500	1,500	2,000
17th August 1995	200	195	395
31st August 2010	500	-	500
At cost	12,409	30,911	43,320
	13,744	32,926	46,670
Depreciation			
At 31st August 2009	3,104	21,833	24,937
Amounts provided	623	2,272	2,895
Released on disposals	(11)	(1,502)	(1,513)
At 31st August 2010	3,716	22,603	26,319
Net book value			
At 31st August 2010	10,028	10,323	20,351
At 31st August 2009	8,711	10,672	19,383

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

10 Tangible fixed assets [Continued]

Land and buildings additions include £1,905,021 of buildings under construction at the year end which have not been depreciated during the year.

The net book value of land and buildings includes £500,000 (2009 £500,000) in respect of investment property stated at valuation. The investment property was valued by the directors, with guidance from external property consultants, on the basis of open market value at 31st August 2009. The directors consider that the valuation at 31st August 2010 is not materially different.

Should the group's investment property be sold at this market value, a tax liability of approximately £76,000 would arise. No provision for this contingent liability has been made as it is not expected that any liability will arise in the foreseeable future.

The net book value of land and buildings includes £117,101 (2009 £117,101) of long-leasehold property and £4,424,518 (2009 £4,866,867) of short-leasehold property. Land and buildings includes, where applicable, fixed plant which forms an integral part of the building structure.

Plant includes motor vehicles having a net book value of £1,787,396 (2009 £2,026,738).

The net book value of tangible fixed assets includes an amount of £1,255,628 (2009 £1,193,527) in respect of assets held under finance leases, and on which depreciation charged in the year was £260,440 (2009 £219,435).

Company	Land and Buildings £'000	Plant £'000	Total £'000
Cost or valuation			
At 31st August 2009	755	329	1,084
Additions	50	22	72
Disposals	(26)	-	(26)
At 31st August 2010	779	351	1,130
At valuation: 31st August 2010	500	-	500
At cost	279	351	630
	779	351	1,130
Depreciation			
At 31st August 2009	104	194	298
Amounts provided	3	37	40
Released on disposals	(10)	-	(10)
At 31st August 2010	97	231	328
Net book value			
At 31st August 2010	682	120	802
At 31st August 2009	651	135	786

The net book value of land and buildings includes £500,000 (2009 £500,000) in respect of investment property stated at valuation. The investment property was valued by the directors, with guidance from external property consultants, on the basis of open market value at 31st August 2009. The directors consider that the valuation at 31st August 2010 is not materially different.

Should the company's investment property be sold at this market value, a tax liability of approximately £76,000 would arise. No provision for this contingent liability has been made as it is not expected that any liability will arise in the foreseeable future.

Plant includes motor vehicles having a net book value of £71,326 (2009 £90,569).

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

11 Intangible fixed assets

	Group		Total £'000	Company
	Positive Goodwill £'000	Negative Goodwill £'000		Positive Goodwill £'000
Cost				
At 31st August 2009 and 31st August 2010	14,846	(186)	14,660	8,690
Amortisation				
At 31st August 2009	7,462	(95)	7,367	1,822
Amounts provided	1,107	(4)	1,103	972
At 31st August 2010	8,569	(99)	8,470	2,794
Net book value				
At 31st August 2010	6,277	(87)	6,190	5,896
At 31st August 2009	7,384	(91)	7,293	6,868

12 Investments

Group	Unquoted £'000	Associated undertakings £'000	Joint venture £'000	Total £'000
Cost or valuation				
At 31st August 2009	20	3,336	3,566	6,922
Share of results	-	1,084	2,463	3,547
Exchange difference	-	(7)	174	167
At 31st August 2010	20	4,413	6,203	10,636

Unquoted

The directors do not consider the valuation of the unquoted investments to be materially less than cost.

Associated undertakings

The share of associated undertakings' results represent the group's share of retained profits in Carrs Billington Agriculture (Sales) Limited and Vitamin Pet Foods Limited.

Joint venture

The share of joint venture results represents the group's share of retained profits in Wholesome Sweeteners Inc.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

12 Investments [Continued]

The group's investments in associated undertakings and its joint venture at 31st August 2010 is represented by the following:

	Associated undertakings £'000	Joint venture £'000	Total 2010 £'000	Total 2009 £'000
Share of fixed assets	3,879	348	4,227	3,771
Share of current assets	17,306	14,966	32,272	28,762
Share of current liabilities	(13,881)	(9,111)	(22,992)	(23,305)
Share of net current assets	3,425	5,855	9,280	5,457
Share of liabilities due after more than one year	(2,755)	-	(2,755)	(2,264)
Share of provisions	(172)	-	(172)	(133)
Share of net assets	4,377	6,203	10,580	6,831
Goodwill arising on acquisition less amortisation	36	-	36	71
	4,413	6,203	10,616	6,902

The group's share of turnover of associated undertakings amounted to £96,166,704 (2009 £92,071,000) for the year.

Company	Unquoted £'000	Associated undertakings £'000	Joint venture £'000	Subsidiary undertakings £'000	Total £'000
Cost					
At 31st August 2009 and 31st August 2010	20	600	42	7,841	8,503

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

13 Stocks

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Raw materials	3,235	3,319	-	-
Goods for resale	5,341	5,853	24	22
	8,576	9,172	24	22

14 Debtors

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade debtors	11,304	10,623	33	19
Prepayments and accrued income	2,906	3,446	50	38
Other taxes	1,074	266	-	-
Subsidiary undertakings	-	-	8,952	9,610
Associated undertakings	10,071	9,336	1,226	1,324
Other debtors	932	647	1,878	687
Deferred tax asset (see note 19.1)	-	-	148	434
	26,287	24,318	12,287	12,112

The associated undertakings debtor includes £1,225,000 (2009 £1,225,000) which will be repaid after more than one year.

15 Creditors - amounts falling due within one year

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current instalments on loans	500	1,000	-	-
Bank overdrafts	4,414	4,166	28	-
Trade creditors	15,217	11,898	78	31
Other creditors	402	333	311	243
Accruals and deferred income	6,860	8,066	731	2,333
Corporation tax	391	641	-	-
Other taxes and social security costs	351	393	351	393
Finance lease obligations	349	277	-	-
Subsidiary undertakings	-	-	8,076	7,376
	28,484	26,774	9,575	10,376

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

16 Creditors - amounts falling due after more than one year

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank loan	48	548	-	-
Other loan	1,225	1,225	-	-
Finance lease obligations	660	766	-	-
	1,933	2,539	-	-
Repayment of bank loans:				
In one year or less	500	1,000	-	-
Between one and two years	48	500	-	-
Between two and five years	-	48	-	-
	548	1,548	-	-

The outstanding bank loan is secured and is subject to a variable interest rate, being 1.7% at 31st August 2010. Details of the other loan are given in note 27.

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

17 Lease obligations

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Finance leases				
Amounts falling due:				
Within one year	349	277	-	-
Within two to five years	660	766	-	-
	1,009	1,043	-	-
Operating lease commitments				
	Land and buildings		Plant and machinery	
Group	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Leases expiring:				
Within one year	-	-	30	138
Within two to five years	-	-	329	281
After five years	954	954	-	-
	954	954	359	419

The leasing commitments relate to the future annual rentals payable under non-cancellable operating leases.

Included above are annual rental commitments of £76,025 (2009 £76,025) relating to Edward Billington and Son Limited in respect of commitments for land and buildings expiring after five years (2009 after five years).

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

18 Capital commitments

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Contracted for but not provided in the accounts	600	Nil	Nil	Nil

19 Provision for liabilities and charges

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
19.1 - Deferred taxation	1,241	647	-	-
19.2 - Minority interests	1,420	1,374	-	-
19.3 - Other provision	464	464	464	464
	3,125	2,485	464	464

19.1 Deferred taxation

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Accelerated capital allowances	1,433	1,255	(9)	(6)
Short term timing differences	(192)	(608)	(139)	(428)
	1,241	647	(148)	(434)
At 31st August 2009	647	554	(434)	(488)
Profit and loss account charge	594	93	286	54
At 31st August 2010	1,241	647	(148)	(434)

The profit and loss account charge shown above, excludes charges of £291,000 (2009 £293,000) and £174,000 (2009 £149,000) for the group and company respectively arising from the movements on the deferred tax asset which has been netted off the pension liabilities shown in note 25.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

19 Provision for liabilities and charges [Continued]

19.2 Minority interests

Profit and loss account

The amount shown represents the profits for the year, after taxation, attributable to the investment in subsidiary and associated undertakings held by minorities. The effects on the reported results of the group are summarised below:

	Attributable to group £'000	Minority interest £'000	Consolidated £'000
Operating profit	3,144	777	3,921
Share of operating results of associates and joint venture	5,765	-	5,765
Profit on ordinary activities before interest	8,909	777	9,686
Net interest paid	(727)	(160)	(887)
Profit on ordinary activities before taxation	8,182	617	8,799
Taxation	(2,995)	(201)	(3,196)
Profit on ordinary activities after taxation	5,187	416	5,603

Balance Sheet

The amount shown represents the minority interest in the share capital and reserves of subsidiary undertakings at 31st August 2010. The movement on this provision is summarised below:

	£'000
At 31st August 2009	1,374
Profit and loss account charge	416
Share of net loss reported in the statement of total recognised gains and losses	(370)
At 31st August 2010	1,420

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

19 Provision for liabilities and charges [Continued]

19.3 Other provisions

	Group £'000	Company £'000
At 31st August 2009 and 31st August 2010	464	464

This relates to a claim from HM Revenue & Customs in respect of PAYE and National Insurance on payments to directors through an Employee Benefit Trust in a prior year. The directors have received professional advice, based on the progress of the claim through the appeal process, that the provision is sufficient to cover the anticipated outcome.

20 Capital of Edward Billington and Son Limited

	Authorised		Allotted, called up and fully paid	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Preferred ordinary shares of £1 each (non-voting)	1,250	1,250	419	419
Ordinary shares of £1 each	2,350	2,350	1,042	1,042
2007 ordinary shares of £1 each	400	400	400	400
	4,000	4,000	1,861	1,861

The preferred ordinary shares of £1 each are independently valued each year. It was reported at the company's Annual General Meeting on 4th February 2010 that the valuation of these shares was £13.00 per share. The directors are advised that the recommended valuation of these shares be increased to £15.50 per share following approval of these accounts.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

21 Reserves

Group	Share Premium Account £'000	Revaluation Reserve £'000	Capital Reserves £'000	Other Reserves £'000	Profit and Loss account £'000
At 31st August 2009	87	434	2,776	205	23,427
Movements in year:					
Profit for the year	-	-	-	-	5,187
Exchange differences	-	-	-	-	167
Actuarial loss on net pension liabilities	-	-	-	-	(1,785)
Deferred tax associated with net pension liabilities	-	-	-	-	486
Equity dividends paid	-	-	-	-	(1,191)
Movement on Employee Benefit Trust	-	-	-	11	-
At 31st August 2010	87	434	2,776	216	26,291
Company					
At 31st August 2009	87	434	644	205	11,192
Movements in year:					
Profit for the year	-	-	-	-	152
Actuarial loss on net pension liabilities	-	-	-	-	(1,252)
Deferred tax associated with net pension liabilities	-	-	-	-	339
Equity dividends paid	-	-	-	-	(1,191)
Movement on Employee Benefit Trust	-	-	-	11	-
At 31st August 2010	87	434	644	216	9,240

The Profit and Loss Account balances of £26,291,000 and £9,240,000 are stated after deduction of net pension deficits of £9,034,000 and £5,017,000 for the group and company respectively.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

22 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Profit for the year	5,187	3,303
Equity dividends - paid	(1,191)	(653)
	3,996	2,650
Net actuarial loss on pension liabilities	(1,299)	(2,866)
Surplus on revaluation of fixed assets	-	339
Movement on Employee Benefit Trust	11	506
Exchange differences	167	292
Net increase in shareholders' funds	2,875	921
Opening shareholder's funds	28,790	27,869
Closing shareholders' funds	31,665	28,790

23 Profit of Edward Billington and Son Limited

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent undertaking is not presented as part of these accounts. The consolidated profit for the year includes a profit of £152,053 (2009 £682,049) which is dealt with in the accounts of Edward Billington and Son Limited.

24 Contingent liabilities

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

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

As explained in the financial risk management objectives and policies on page 2, the group's policy is to hedge against changes in future market prices of certain commodities. Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. The net unrecognised gains on instruments used for hedging amount to £727,209 (2009 losses £318,865).

There is a contingent liability within the joint venture company, Wholesome Sweeteners Inc., arising from certain agreements entered into for the repurchase of three classes of non-voting, non-dividend eligible shares. It is anticipated that the share of the group's obligations will only arise should the group's investment in Wholesome Sweeteners Inc. be sold.

25 Pensions

25.1 Defined Contribution Schemes

The group operates a number of defined contribution pension plans. The total cost of contributions into these plans during the year ended 31st August 2010 was £662,085 (2009 £613,466).

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

25 Pensions [Continued]

25.2 Defined Benefit Schemes

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

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

	2010 £'000	2009 £'000
Edward Billington and Son Limited Retirement Benefits Scheme	5,017	4,347
Carrs Billington Agriculture Pension Scheme	4,017	3,568
	9,034	7,915

25.2.1 Edward Billington and Son Limited Retirement Benefits Scheme

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

Contributions amounting to £698,400 were paid into the scheme during the year towards the elimination of the scheme deficit. In line with the latest actuarial valuation dated 1st September 2007, the company expects to contribute £698,400 towards the elimination of the scheme deficit during the year to 31st August 2011.

FRS 17

FRS 17 requires the assets and liabilities of the defined benefit pension scheme to be recognised in the Balance Sheet. Net financial returns are included in the profit and loss account in the period to which they relate whilst actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The actuarial valuations were updated to 31st August 2010 by an independent qualified actuary in accordance with FRS 17. The defined benefit liabilities have been measured using the projected unit method and both the assets and liabilities include the value of pensions in payment, which are secured with insured annuities.

The following table sets out as at 31st August 2010 the fair value of the assets, the present value of the liabilities valued in accordance with the Standard and the surplus or deficit of assets over these liabilities (which equals the gross pension deficit), which is included in the Balance Sheet net of deferred taxation.

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Total fair value of assets	13,888	12,661	12,744	12,677	11,136
Present value of liabilities	(20,760)	(18,698)	(16,770)	(14,108)	(14,486)
Gross pension deficit	(6,872)	(6,037)	(4,026)	(1,431)	(3,350)
Deferred tax asset	1,855	1,690	1,128	400	1,005
Net pension deficit	(5,017)	(4,347)	(2,898)	(1,031)	(2,345)

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

25 Pensions [Continued]

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

The percentages that each major asset category represents of the fair value of the total scheme assets were as shown below:

	2010	2009
Equities	68%	54%
Bonds	26%	26%
Property	1%	1%
Other	5%	19%
	100%	100%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in an assumed rate of 6.34% for the year to 31st August 2011.

	2010 £'000	2009 £'000
Actual return on scheme assets	1,041	(320)

Weighted average assumptions used to determine benefit obligations at:

	2010	2009
Discount rate	5.10%	5.60%
Rate of compensation increase	N/A	N/A

Weighted average assumptions used to determine net pension cost for the year ended 31st August 2010:

	2010	2009
Discount rate	5.60%	6.20%
Expected long-term return on scheme assets	5.90%	6.65%

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31st August 2010:

	Male	Female
Member age 65 (current life expectancy)	23.8	26.0
Member age 45 (life expectancy at age 65)	25.8	27.2

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

25 Pensions [Continued]

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

Changes in the present value of the defined benefit obligations are as follows:	2010 £'000	2009 £'000
Benefit obligation at beginning of year	18,698	16,770
Interest cost	1,033	1,025
Actuarial losses	1,541	1,386
Benefits paid	(512)	(483)
Benefit obligation at end of year	20,760	18,698
Analysis of defined benefit obligation		
Schemes that are wholly or partly funded	20,760	18,698
Change in the fair value of scheme assets are as follows:	2010 £'000	2009 £'000
Fair value of scheme assets at beginning of year	12,661	12,744
Expected return on scheme assets	752	855
Actuarial gains	289	(1,153)
Employer contribution	698	698
Benefits paid	(512)	(483)
Fair value of scheme assets at end of year	13,888	12,661
Analysis of the amount charged to interest payable		
Expected return on pension scheme assets	(752)	(855)
Interest on pension scheme liabilities	1,033	1,025
Net charge in profit and loss account	281	170
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actuarial loss immediately recognised	1,252	2,539

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses (STRGL) since the implementation of FRS17 amounts to a loss of £7,025,000 at 31 August 2010.

History of experience gains and losses	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Difference between the expected and actual return on the scheme assets:	289	(1,154)	(1,316)	271	468
Percentage of scheme assets	2%	(9%)	(10%)	2%	4%
Experience gains and losses on scheme liabilities	Nil	Nil	(1,700)	Nil	Nil
Percentage of the present value of the scheme liabilities	Nil	Nil	(10%)	Nil	Nil

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

25 Pensions [Continued]

25.2.2 Carrs Billington Agriculture Pension Scheme

Carrs Billington Agriculture (Operations) Limited is the principal employer of the Carrs Billington Agriculture Pension Scheme, a funded defined benefit scheme. The scheme ceased to accrue further benefits for its active members with effect from 1 December 2007.

Contributions paid into the scheme during the year amounted to £575,000. The company has agreed to contribute £800,000 to the scheme during the year to 31st August 2011.

The actuarial valuation was updated to 31st August 2010 by an independent qualified actuary in accordance with FRS17. The defined benefit liabilities have been measured using the projected unit method and both the assets and liabilities include the value of pensions in payment, which are secured with insured annuities.

The following table sets out as at 31st August 2010 the fair value of the assets, the present value of the FRS17 liabilities and the surplus or deficit of assets over the FRS17 liabilities (which equals the gross pension deficit), which is included in the Balance Sheet net of deferred taxation.

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Total fair value of assets	19,564	17,903	19,254	20,661	19,008
Present value of liabilities	(25,143)	(22,858)	(21,896)	(22,322)	(24,697)
Gross pension deficit	(5,579)	(4,955)	(2,642)	(1,661)	(5,689)
Deferred tax asset	1,562	1,387	739	466	1,707
Net pension deficit	(4,017)	(3,568)	(1,903)	(1,195)	(3,982)

The percentages that each major asset category represents of the fair value of the total scheme assets were as shown below:

	2010	2009
Equities	51%	62%
Bonds	49%	37%
Cash	0%	1%
	100%	100%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in an assumed rate of 5.9% for the year to 31st August 2011.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

25 Pensions [Continued]

25.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

	2010 £'000	2009 £'000
Actual return on scheme assets	2,095	(781)
Weighted average assumptions used to determine benefit obligations at:	2010	2009
Discount rate	5.1%	5.6%
Rate of compensation increase	N/A	N/A
Weighted average assumptions used to determine net pension cost for the year ended 31st August 2010:	2010	2009
Discount rate	5.6%	6.20%
Expected long-term return on scheme assets	6.2%	6.74%
Rate of compensation increase	N/A	N/A
Weighted average life expectancy for mortality tables used to determine benefit obligations at 31st August 2010:	Male	Female
Member age 65 (current life expectancy)	21.6	24.6
Member age 45 (life expectancy at age 65)	24.5	27.5
Changes in the present value of the defined benefit obligations are as follows:	2010 £'000	2009 £'000
Benefit obligation at beginning of year	22,858	21,896
Current service cost	-	16
Interest cost	1,252	1,323
Actuarial losses	2,042	768
Benefits paid	(1,009)	(1,145)
Benefit obligation at end of year	25,143	22,858
Analysis of defined benefit obligation		
Schemes that are wholly or partly funded	25,143	22,858

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

25 Pensions [Continued]

25.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

Change in the fair value of scheme assets are as follows:	2010 £'000	2009 £'000
Fair value of scheme assets at beginning of year	17,903	19,254
Expected return on scheme assets	1,097	1,279
Actuarial gains	998	(2,060)
Employer contribution	575	575
Benefits paid	(1,009)	(1,145)
Fair value of scheme assets at end of year	19,564	17,903

Analysis of the amount charged to operating profit	2010 £'000	2009 £'000
Total operating charge in profit and loss account – current service	-	16

Analysis of the amount charged to interest payable	2010 £'000	2009 £'000
Expected return on pension scheme assets	(1,097)	(1,279)
Interest on pension scheme liabilities	1,252	1,323
Net charge in profit and loss account	155	44

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	2010 £'000	2009 £'000
Actuarial loss immediately recognised	1,044	2,828

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses (STRGL) since the implementation of FRS17 amounts to a loss of £7,598,000 at 31st August 2010.

History of experience gains and losses	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Difference between the expected and actual return on the scheme assets:	998	(2,060)	(3,005)	192	783
Percentage of scheme assets	5%	(12%)	(16%)	1%	4%
Experience gains and losses on scheme liabilities	(996)	Nil	Nil	844	Nil
Percentage of the present value of the scheme liabilities	(4%)	Nil	Nil	4%	Nil

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

26 Operating companies

Subsidiary undertakings

Agricultural division

Carrs Billington Agriculture (Operations) Limited
Criddle & Co. Limited

Foods division

English Provender Company Limited

Joint venture

+ Wholesome Sweeteners Inc

Associated undertakings

+ Carrs Billington Agriculture (Sales) Limited
+ Vitamin Pet Foods Limited

Country of Incorporation	Percentage of ordinary shares held by the group
England	51
England	100
England	100
U.S.A.	50
England	49
Barbados	30

+ Indicates companies audited other than by Mitchell Charlesworth.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

27 Related party transactions

Loans from shareholders amounted to £177,691 (2009 £148,501) on which interest of £4,350 (2009 £3,232) is payable.

During the year the remuneration committee approved the payment of benefits arising under the directors five year long-term incentive plan that commenced in 2006.

During the year, four of the company's directors, Mr. E.W. Billington, Mr. M.R. Cashin, Mr. D. Marshall and Mr. L.L.R. Whiteley purchased a total of 33,000 Class D non-voting, non-dividend eligible shares in Wholesome Sweeteners Inc. at market value.

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

Carrs Milling Industries PLC., its joint venture companies Bibby Agriculture Limited and Afgritech Limited; and four of its subsidiaries, Carrs Billington Agriculture (Sales) Limited, Carrs Properties Limited, Carrs Engineering Limited and Carrs Flour Mills Limited entered into the following material transactions with the group during the year and had outstanding material balances as follows:

31st August 2010	Management			Creditors £'000	Debtors £'000
	Sales £'000	Purchases £'000	Charges £'000		
Carrs Milling Industries PLC	-	15	-	1,225	-
Carrs Billington Agriculture (Sales) Limited	74,356	263	20	-	8,615
Carrs Engineering Limited	-	133	-	31	-
Carrs Properties Limited	-	18	-	-	-
Carrs Flour Mills Limited	671	1,349	-	138	25
Bibby Agriculture Limited	9,771	1	-	-	1,286
Afgritech Limited	-	652	-	50	12

The balance of £1,225,000 (2009 £1,225,000) due to Carrs Milling Industries PLC represents an unsecured, interest free loan. Whilst there are no set repayment dates, Carrs Milling Industries PLC will only seek repayment after more than one year in accordance with the loan agreement. Included within the £8,615,000 (2009 £8,872,000) due from Carrs Billington Agriculture (Sales) Limited is £1,225,000 (2009 £1,225,000) which is also unsecured, interest free and repayable after more than one year.

31st August 2009	Management			Creditors £'000	Debtors £'000
	Sales £'000	Purchases £'000	Charges £'000		
Carrs Milling Industries PLC	-	14	-	1,225	-
Carrs Billington Agriculture (Sales) Limited	82,178	312	96	-	8,872
Carrs Engineering Limited	-	178	-	12	-
Carrs Properties Limited	-	18	-	-	-
Carrs Flour Mills Limited	101	2,581	-	87	21
Bibby Agriculture Limited	9,841	1	-	-	464
Afgritech Limited	-	360	-	16	-

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2010

28 Reconciliation of operating profit to operating cash flows

	2010 £'000	2009 £'000
Operating profit	3,921	4,536
Depreciation of tangible fixed assets	2,895	3,122
Amortisation of intangible fixed assets	1,103	1,410
Surplus on disposal of tangible fixed assets	(104)	(75)
Earnings before interest, depreciation and amortisation	7,815	8,993
Dividends from associates	17	20
Decrease in stocks	596	(170)
Increase in debtors	(2,246)	1,481
Increase in creditors	1,977	(3,666)
Decrease in provisions and restructuring costs paid	-	(603)
Defined benefit pension schemes	(838)	(1,065)
Net cash inflow from operating activities	7,321	4,990

29 Analysis of net debt

	At 31st August 2009 £'000	Cash Flow £'000	Other non- Cash Changes £'000	At 31st August 2010 £'000
Cash at bank and in hand	1,415	786	-	2,201
Bank overdrafts	(4,166)	(248)	-	(4,414)
Debt due within one year	(2,751)	538	-	(2,213)
Debt due after one year	(1,000)	1,000	(500)	(500)
Debt due after one year	(548)	-	500	(48)
Finance leases	(1,043)	34	-	(1,009)
Total	(5,342)	1,572	-	(3,770)

	2010 £'000	2009 £'000
Increase in cash in the year	538	(1,915)
Cash outflow from decrease in debt and lease financing	1,034	903
Movement in net debt in the year	1,572	(1,012)
Net debt at 31st August 2009	(5,342)	(4,330)
Net debt at 31st August 2010	(3,770)	(5,342)

EDWARD BILLINGTON & SON LIMITED

COMPANY OVERVIEW

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