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EDWARD BILLINGTON & SON LTD

THE
BILLINGTON
GROUP

Report & Accounts 2011



**Edward Billington and Son Limited
and Subsidiaries**

Annual Report and Accounts

For the year ended 31st August 2011

Company Registration Number 59883

Edward Billington and Son Limited and Subsidiaries

Annual Report and Accounts

For the year ended 31st August 2011

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Edward Billington and Son Limited and Subsidiaries

Directors' Report

For the year ended 31st August 2011

The directors present their report to the shareholders together with the audited accounts for the year ended 31st August 2011.

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 £12,592,180 (2010 £8,798,597).

Dividends of 69% (2010 55%) which are proposed for approval at the forthcoming Annual General Meeting, are not shown as a deduction against this year's reserves, but instead will fall into the 31st August 2012 accounts when they are paid. Dividends of £651,441 which were proposed in the previous year's accounts have been paid during the year.

Review of the principal activities of the business

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

The group's turnover was £238,907,226 (2010 £190,882,305). These figures exclude the turnover of Wholesome Sweeteners Inc. This increased by 11% during 2011 to £75,100,000.

English Provender Company Limited increased sales by almost 11% during the year due to increased distribution and new product launches. However, the benefit from this was offset by some margin erosion resulting from the difficulty in passing on the full effect of raw material price inflation in the current retail and general economic climate.

Once again, Wholesome Sweeteners Inc. continued its excellent growth in both sales and profits and a marked feature of its performance was the success of its agave products.

Criddle & Co. Limited performed very well and fully capitalised on the strong bull market seen during the early part of the year. However the markets in the later half of the year were subdued due to the many geopolitical problems such as the Euro Zone crisis, which reduced the correlation between commodity prices and the fundamentals affecting them, making commodity trading more difficult.

Carrs Billington Agriculture performed well. All mills operated efficiently and we realised the benefits from the investment we have made in our factories and from the restructuring at Lancaster that was completed during the year. The extremely hard winter weather in 2010 increased the demand for feed and fuel oils which further enhanced our profits.

Overall, the directors are delighted with the performance of the group during 2011. A profit of £10,574,000 (after deducting minority interests) was achieved and represents a pre-tax return on shareholders' funds of 33%.

The 2012 financial year has started reasonably well and we are trading ahead of budget. Our foods businesses have continued the growth seen in 2011 and are expected to perform well this year. Our two agricultural businesses are performing well but the mild winter weather and quiet commodity markets mean that Criddle & Co. Limited is unlikely to repeat the excellent performance of the previous year.

Edward Billington and Son Limited and Subsidiaries

Directors' Report

For the year ended 31st August 2011 [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. 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 2011 [Continued]

Directors and directors' interests

The members of the Board of Directors at 31st August 2011, 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	
	2011	2010	2011	2010
E.W. Billington	68,726	68,726	18,454	18,454
G.M. Blake	50	50	2,206	2,206
M.R. Cashin	2,625	2,625	21,170	21,170
D. Marshall	99	99	8,050	8,050
R.R. Toomey	13,259	13,259	3,730	3,730
L.L.R. Whiteley	118,774	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. D. Marshall and Mr. M.R. Cashin retire by rotation and, being eligible, offer themselves for re-election.

Charitable donations

During the year the group contributed £11,800 for charitable purposes (2010 £9,123).

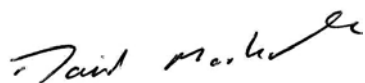
Insurance of directors

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 13th February 2012

Edward Billington and Son Limited and Subsidiaries

Statement of Directors' Responsibilities

For the year ended 31st August 2011

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 2011 on pages 6 to 35 which have been prepared on the basis of the accounting policies set out on pages 10 to 11. 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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.

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



13th February 2012

Edward Billington and Son Limited and Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31st August 2011

	Notes	Total 2011 £'000	Total 2010 £'000
Turnover	2	238,907	190,882
Cost of sales		(204,994)	(162,493)
Gross profit		33,913	28,389
Distribution costs		(12,058)	(11,721)
Administrative expenses		(15,838)	(12,747)
Operating profit	3	6,017	3,921
Share of operating results of associates and joint venture	5	7,341	5,765
Profit on ordinary activities before interest		13,358	9,686
Net interest paid	6	(766)	(887)
Profit on ordinary activities before taxation		12,592	8,799
Taxation	7	(4,027)	(3,196)
Profit on ordinary activities after taxation		8,565	5,603
Minority interests	18	(1,464)	(416)
Profit attributable to the members of the holding company	20	7,101	5,187

The notes on pages 10 to 35 form part of these accounts.

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

Dividends amounting to £1,284,269 (2010 £1,023,693) are proposed for the year and are detailed in note 8.

Edward Billington and Son Limited and Subsidiaries

Balance Sheets

As at 31st August 2011

	Notes	Group		Company	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Fixed assets					
Tangible assets	9	21,398	20,351	981	802
Intangible assets	10	5,088	6,190	4,922	5,896
Investments	11	15,100	10,636	8,483	8,503
		41,586	37,177	14,386	15,201
Current assets					
Stocks	12	12,076	8,576	147	24
Debtors	13	31,541	26,287	12,577	12,287
Cash at bank and in hand		4,542	2,201	122	26
		48,159	37,064	12,846	12,337
Creditors					
Amounts falling due within one year	14	(37,389)	(28,484)	(11,292)	(9,575)
Net current assets		10,770	8,580	1,554	2,762
Total assets less current liabilities		52,356	45,757	15,940	17,963
Creditors					
Amounts falling due after more than one year	15	(1,957)	(1,933)	-	-
Provision for liabilities and charges	18	(4,688)	(3,125)	(482)	(464)
Net assets excluding pension liabilities		45,711	40,699	15,458	17,499
Pension liabilities	24	(5,473)	(9,034)	(2,158)	(5,017)
		40,238	31,665	13,300	12,482
Capital and reserves					
Called up share capital	19	1,861	1,861	1,861	1,861
Share premium account	20	87	87	87	87
Revaluation reserve	20	434	434	434	434
Capital reserves	20	2,776	2,776	644	644
Other reserves	20	218	216	218	216
Profit and loss account	20	34,862	26,291	10,056	9,240
Total shareholders' funds	21	40,238	31,665	13,300	12,482

Approved by the Board of Directors and authorised for issue on 13th February 2012 and are signed on its behalf by:



Lloyd Whiteley
Director



Mark Cashin
Director

The notes on pages 10 to 35 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 2011

	2011	2010
	£'000	£'000
Profit for the year	7,101	5,187
Actuarial gain on net pension liabilities	3,387	(1,785)
Deferred tax movement associated with net pension liabilities	(994)	486
Exchange differences	(272)	167
Total recognised gains and losses relating to the year	9,222	4,055

Edward Billington and Son Limited and Subsidiaries

Consolidated Cash Flow Statement

For the year ended 31st August 2011

	Notes	2011 £'000	2010 £'000
Cash flow from operating activities	27	4,934	7,321
Returns on investments and servicing of finance			
Interest received		30	34
Interest paid		(413)	(519)
Finance lease interest		(82)	(77)
		(465)	(562)
Taxation		(646)	(669)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(4,331)	(3,939)
Disposal of tangible fixed assets		142	599
		(4,189)	(3,340)
Equity dividends paid		(651)	(1,191)
Cash outflow before financing		(1,017)	1,559
Financing			
Sale of own shares in Employee Benefit Trust		-	13
Cash outflow before debt financing		(1,017)	1,572
Debt financing			
Loan repayments		(500)	(1,000)
New finance leases		881	362
Capital element of finance lease repayments		(632)	(396)
		(251)	(1,034)
Decrease in cash in the year	28	(1,268)	538

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts

For the year ended 31st August 2011

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 9.

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. Where necessary, adjustments are made to the accounts of joint ventures and associated undertakings to bring the accounting policies used in line with those of the Group.

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 2011

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 2011 the total funds held by the Trustees amounted to £376,389. 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 2011 a second Employee Benefit Trust was in place. The company considers that it does not retain any future economic benefit from the assets of this Employee Benefit Trust. The linked unquoted investment of £20,000 has been fully provided for at 31st August 2011.

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.

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 2011

2 Turnover	2011	2010
	£'000	£'000
Manufacture and merchandising of foodstuffs:		
Home	237,165	189,334
Overseas	39,302	35,426
	276,467	224,760
Less: Share of joint venture turnover (overseas)	(37,560)	(33,878)
Group turnover	238,907	190,882

3 Operating profit	2011	2010
	£'000	£'000
The operating profit for the year has been arrived at after:		
Charging		
Directors' emoluments (see note 4)	3,974	2,474
Operating lease rentals	1,471	1,341
Depreciation	3,108	2,895
Amortisation of goodwill	1,102	1,103
Crediting		
Surplus on disposal of fixed assets	68	104

Included in administrative expenses of the comparative 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:	2011	2010
	£'000	£'000
Fees payable to the company's auditor for the audit of the company's annual accounts	18	17
Fees payable to the company's auditor for other services:		
Audit of the company's subsidiaries, pursuant to legislation	32	31
Accounting services	25	29
Tax services	17	20
Other services	7	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 2011

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:

	2011 £'000	2010 £'000
Number of directors whose emoluments are included below	6	6
Management remuneration (including benefits in kind)	648	657
Profit sharing bonuses	876	820
Pension scheme contributions	247	142
	1,771	1,619
Benefits accrued under long-term incentive plan	2,203	855
	3,974	2,474

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 (2010 6) and the number who were members of a defined benefit scheme was 5 (2010 5).

	2011 £'000	2010 £'000
The emoluments of the highest paid director were as follows:		
Aggregate emoluments, excluding pension contributions	401	380
Company pension contributions to a defined contribution scheme	39	38

In addition to the above, the director accrued benefits of £742,000 during the year in respect of a five year long-term incentive plan that commenced in 2006 and expired in 2011.

The defined benefit scheme is the Edward Billington and Son Limited Retirement Benefits Scheme. With effect from 1st September 2006 the Scheme ceased to accrue further benefits for its active members, further details of which are given in note 24.

Employees	2011 £'000	2010 £'000
Total cost of employment:		
Wages and salaries	19,734	16,322
Social security costs	2,093	1,808
Other pension costs	829	662
	22,656	18,792

	2011 Number	2010 Number
Average number of employees		
Management and administration	86	82
Selling and distribution	53	53
Direct labour and production	499	455
	638	590

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

5 Share of operating results of associates and joint venture

	2011 £'000	2010 £'000
Share of operating profit		
Associated undertakings	1,802	1,708
Joint venture	5,539	4,057
	7,341	5,765

6 Net interest paid

	2011 £'000	2010 £'000
Interest paid		
Bank interest	136	79
Loan interest	9	19
Finance leases	82	77
Other interest	7	1
Net finance charge on pension scheme (note 24)	254	436
	488	612
Interest received		
Bank interest	(30)	(34)
	458	578
Joint venture		
Interest paid	137	168
Associated undertakings		
Interest paid	226	170
Interest received	(55)	(29)
	766	887

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

7 Taxation	2011		2010	
7.1 Analysis of charge for year	£'000	£'000	£'000	£'000
Current tax:				
UK corporation tax on profit for the year				
Group companies	1,176		449	
Associated undertakings	483		430	
Foreign taxation				
Group companies	7		3	
Associated undertakings and joint venture	1,701		1,368	
Adjustment in respect of previous year				
Group companies	3		(30)	
Total current tax		3,370		2,220
Deferred tax:				
Origination and reversal of timing differences				
Group companies	608		885	
Associated undertakings and joint venture	49		91	
Total deferred tax		657		976
Tax on profit on ordinary activities		4,027		3,196
7.2 Factors affecting the current tax charge for the year				
		2011		2010
		£'000		£'000
Tax arising on profit on ordinary activities at the standard rate of corporation tax of 28% (2010 28%)		3,526		2,464
Effects of:				
Expenses not deductible for tax purposes		93		18
Amortisation not deductible for tax purposes		273		272
Capital allowances in excess of depreciation		(21)		(155)
Credits not taxable		(13)		(15)
Other timing differences		(605)		(610)
Higher tax rates on overseas earnings		191		276
Adjustment to reflect effective tax rate		(77)		-
Adjustment in respect of previous year		3		(30)
		3,370		2,220

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

8 Equity dividends of Edward Billington and Son Limited

	%	2011 £'000	%	2010 £'000
Paid during the year:				
Interim	-	-	13.50	251
Final - paid 11th February 2011	35.00	651	30.50	568
Interim	-	-	20.00	372
Total dividends paid	35.00	651	64.00	1,191
Proposed for the year:				
Interim - paid 26th September 2011	24.00	447	-	-
Interim - paid 9th February 2012	45.00	837	-	-
Final	-	-	35.00	651
Total dividends proposed	69.00	1,284	35.00	651

Dividends totalling 69% are proposed in respect of the year. The amounts proposed in respect of the previous year have been paid and are therefore deducted from reserves as shown in note 20.

9 Tangible fixed assets

Group	Land and Buildings £'000	Plant £'000	Total £'000
Cost or valuation			
At 31st August 2010	13,694	32,976	46,670
Additions	244	3,985	4,229
Disposals	(95)	(662)	(757)
At 31st August 2011	13,843	36,299	50,142
At valuation:			
30th April 1983	135	320	455
30th April 1991	500	1,500	2,000
17th August 1995	200	195	395
31st August 2011	500	-	500
At cost	12,508	34,284	46,792
	13,843	36,299	50,142
Depreciation			
At 31st August 2010	3,716	22,603	26,319
Amounts provided	724	2,384	3,108
Released on disposals	(90)	(593)	(683)
At 31st August 2011	4,350	24,394	28,744
Net book value			
At 31st August 2011	9,493	11,905	21,398
At 31st August 2010	9,978	10,373	20,351

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

9 Tangible fixed assets [Continued]

The net book value of land and buildings includes £500,000 (2010 £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 2011 is not materially different.

Should the group's investment property be sold at this market value, a tax liability of approximately £66,000 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 (2010 £117,101) of long-leasehold property and £4,180,831 (2010 £4,424,518) 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 £2,133,147 (2010 £1,787,396).

The net book value of tangible fixed assets includes an amount of £1,671,388 (2010 £1,255,628) in respect of assets held under finance leases, and on which depreciation charged in the year was £335,704 (2010 £260,440).

Company	Land and Buildings £'000	Plant £'000	Total £'000
Cost or valuation			
At 31st August 2010	729	401	1,130
Additions	-	248	248
Disposals	(87)	(153)	(240)
At 31st August 2011	642	496	1,138
At valuation: 31st August 2011	500	-	500
At cost	142	496	638
	642	496	1,138
Depreciation			
At 31st August 2010	97	231	328
Amounts provided	3	66	69
Released on disposals	(87)	(153)	(240)
At 31st August 2011	13	144	157
Net book value			
At 31st August 2011	629	352	981
At 31st August 2010	632	170	802

The net book value of land and buildings includes £500,000 (2010 £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 2011 is not materially different.

Should the company's investment property be sold at this market value, a tax liability of approximately £66,000 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 £76,974 (2010 £71,326).

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

10 Intangible fixed assets

	Group		Total £'000	Company
	Positive Goodwill £'000	Negative Goodwill £'000		Positive Goodwill £'000
Cost				
At 31st August 2010 and 31st August 2011	14,846	(186)	14,660	8,690
Amortisation				
At 31st August 2010	8,569	(99)	8,470	2,794
Amounts provided	1,106	(4)	1,102	974
At 31st August 2011	9,675	(103)	9,572	3,768
Net book value				
At 31st August 2011	5,171	(83)	5,088	4,922
At 31st August 2010	6,277	(87)	6,190	5,896

11 Investments

Group	Unquoted £'000	Associated undertakings £'000	Joint venture £'000	Total £'000
Cost or valuation				
At 31st August 2010	20	4,413	6,203	10,636
Share of results	-	1,054	3,702	4,756
Exchange difference	-	(1)	(271)	(272)
Amounts written off	(20)	-	-	(20)
At 31st August 2011	-	5,466	9,634	15,100

Unquoted

The directors do not consider that any amount is recoverable in respect of the unquoted investment, which has therefore been written off.

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 2011

11 Investments [Continued]

The group's investments in associated undertakings and its joint venture at 31st August 2011 is represented by the following:

	Associated undertakings £'000	Joint venture £'000	Total 2011 £'000	Total 2010 £'000
Share of fixed assets	3,970	267	4,237	4,227
Share of current assets	22,517	21,727	44,244	32,272
Share of current liabilities	(18,147)	(12,360)	(30,507)	(22,992)
Share of net current assets	4,370	9,367	13,737	9,280
Share of liabilities due after more than one year	(3,511)	-	(3,511)	(2,755)
Share of provisions	(143)	-	(143)	(172)
Share of net assets	4,686	9,634	14,320	10,580
Goodwill arising on acquisition less amortisation	780	-	780	36
	5,466	9,634	15,100	10,616

The group's share of turnover of associated undertakings amounted to £117,065,432 (2010 £96,166,704) for the year.

Company	Unquoted £'000	Associated undertakings £'000	Joint venture £'000	Subsidiary undertakings £'000	Total £'000
At 31st August 2010	20	600	42	7,841	8,503
Amounts written off	(20)	-	-	-	(20)
At 31st August 2011	-	600	42	7,841	8,483

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

12 Stocks

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Raw materials	3,683	3,235	-	-
Goods for resale	8,393	5,341	147	24
	12,076	8,576	147	24

13 Debtors

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade debtors	14,969	11,304	70	33
Prepayments and accrued income	2,488	2,906	1	50
Other taxes	951	1,074	-	-
Subsidiary undertakings	-	-	10,890	8,952
Associated undertakings	12,957	10,071	1,255	1,226
Other debtors	176	932	348	1,878
Deferred tax asset (see note 18.1)	-	-	13	148
	31,541	26,287	12,577	12,287

The associated undertakings debtor includes £1,225,000 (2010 £1,225,000) which will be repaid after more than one year.

14 Creditors - amounts falling due within one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Current instalments on loans	48	500	-	-
Bank overdrafts	8,023	4,414	-	28
Trade creditors	17,344	15,217	52	78
Other creditors	343	402	330	311
Accruals and deferred income	9,790	6,860	3,049	731
Corporation tax	931	391	195	-
Other taxes and social security costs	384	351	359	351
Finance lease obligations	526	349	-	-
Subsidiary undertakings	-	-	7,307	8,076
	37,389	28,484	11,292	9,575

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

15 Creditors - amounts falling due after more than one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loan	-	48	-	-
Other loan	1,225	1,225	-	-
Finance lease obligations	732	660	-	-
	1,957	1,933	-	-
Repayment of bank loans:				
In one year or less	48	500	-	-
Between one and two years	-	48	-	-
	48	548	-	-

The outstanding bank loan is secured and is subject to a variable interest rate, being 1.7% at 31st August 2011. Details of the other loan are given in note 26.

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

16 Lease obligations

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Finance leases				
Amounts falling due:				
Within one year	526	349	-	-
Within two to five years	732	660	-	-
	1,258	1,009	-	-
Operating lease commitments				
	Land and buildings		Plant and machinery	
Group	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Leases expiring:				
Within one year	-	-	96	30
Within two to five years	-	-	135	329
After five years	932	926	-	-
	932	926	231	359

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

Included above are annual rental commitments of £82,280 (2010 £76,025) relating to Edward Billington and Son Limited in respect of commitments for land and buildings expiring after five years.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

17 Capital commitments

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Contracted for but not provided in the accounts	Nil	600	Nil	Nil

18 Provision for liabilities and charges

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
18.1 - Deferred taxation	1,386	1,241	-	-
18.2 - Minority interests	2,820	1,420	-	-
18.3 - Other provision	482	464	482	464
	4,688	3,125	482	464

18.1 Deferred taxation

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Accelerated capital allowances	1,476	1,433	(3)	(9)
Short term timing differences	(90)	(192)	(10)	(139)
	1,386	1,241	(13)	(148)
At 31st August 2010	1,241	647	(148)	(434)
Profit and loss account charge	145	594	135	286
At 31st August 2011	1,386	1,241	(13)	(148)

The profit and loss account charge shown above, excludes charges of £463,000 (2010 £291,000) and £140,000 (2010 £174,000) 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 24.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

18 Provision for liabilities and charges [Continued]

18.2 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	3,838	2,179	6,017
Share of operating results of associates and joint venture	7,341	-	7,341
Profit on ordinary activities before interest	11,179	2,179	13,358
Net interest paid	(605)	(161)	(766)
Profit on ordinary activities before taxation	10,574	2,018	12,592
Taxation	(3,473)	(554)	(4,027)
Profit on ordinary activities after taxation	7,101	1,464	8,565

Balance Sheet

The amount shown represents the minority interest in the share capital and reserves of subsidiary undertakings at 31st August 2011. The movement on this provision is summarised below:

	£'000
At 31st August 2010	1,420
Profit and loss account charge	1,464
Share of losses reported in the statement of total recognised gains and losses	(64)
At 31st August 2011	2,820

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

18 Provision for liabilities and charges [Continued]

18.3 Other provisions

	Group £'000	Company £'000
At 31st August 2010	464	464
Amounts paid	(282)	(282)
Profit and loss charge	300	300
At 31st August 2011	482	482

This provision arises in respect of PAYE and National Insurance on payments to directors through an Employee Benefit Trust in a prior year.

Following judgment on an appeal in a parallel matter, the directors have been advised that the potential liability should be fully provided.

19 Capital of Edward Billington and Son Limited

	Authorised		Allotted, called up and fully paid	
	2011 £'000	2010 £'000	2011 £'000	2010 £'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 11th February 2011 that the valuation of these shares was £15.50 per share. The directors are advised that the recommended valuation of these shares be increased to £19.50 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 2011

20 Reserves

Group	Share Premium Account £'000	Revaluation Reserve £'000	Capital Reserves £'000	Other Reserves £'000	Profit and Loss account £'000
At 31st August 2010	87	434	2,776	216	26,291
Movements in year:					
Profit for the year	-	-	-	-	7,101
Exchange differences	-	-	-	-	(272)
Actuarial gain on net pension liabilities	-	-	-	-	3,387
Deferred tax associated with net pension liabilities	-	-	-	-	(994)
Equity dividends paid	-	-	-	-	(651)
Employee Benefit Trust	-	-	-	2	-
At 31st August 2011	87	434	2,776	218	34,862
Company					
At 31st August 2010	87	434	644	216	9,240
Movements in year:					
Loss for the year	-	-	-	-	(992)
Actuarial gain on net pension liabilities	-	-	-	-	3,415
Deferred tax associated with net pension liabilities	-	-	-	-	(956)
Equity dividends paid	-	-	-	-	(651)
Employee Benefit Trust	-	-	-	2	-
At 31st August 2011	87	434	644	218	10,056

The Profit and Loss Account balances of £34,862,000 and £10,056,000 are stated after deduction of net pension deficits of £5,473,000 and £2,158,400 for the group and company respectively.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

21 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Profit for the year	7,101	5,187
Equity dividends - paid	(651)	(1,191)
	6,450	3,996
Net actuarial gain on pension liabilities	2,393	(1,299)
Movement on Employee Benefit Trust	2	11
Exchange differences	(272)	167
Net increase in shareholders' funds	8,573	2,875
Opening shareholder's funds	31,665	28,790
Closing shareholders' funds	40,238	31,665

22 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 loss of £991,870 (2010 profit £152,053) which is dealt with in the accounts of Edward Billington and Son Limited.

23 Contingent liabilities

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

The group has, in the normal course of trade, given indemnities to third parties and entered into forward currency contracts. Other than amounts properly provided in the 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 losses on instruments used for hedging amount to £645,415 (2010 gains £727,209), these losses were incurred on futures contracts that were hedged against profitable physical contracts in the 2012 financial year.

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.

24 Pensions

24.1 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 2011 was £828,521 (2010 £662,085).

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

24 Pensions [Continued]

24.2 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 24.2.1 and 24.2.2 respectively which are reflected in aggregate on the group Balance Sheet.

	2011	2010
	£'000	£'000
Edward Billington and Son Limited Retirement Benefits Scheme	2,158	5,017
Carrs Billington Agriculture Pension Scheme	3,315	4,017
	5,473	9,034

24.2.1 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 2010, the company expects to contribute £1,169,200 towards the elimination of the scheme deficit during the year to 31st August 2012.

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 2011 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 2011 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.

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Total fair value of assets	16,085	13,888	12,661	12,744	12,677
Present value of liabilities	(19,002)	(20,760)	(18,698)	(16,770)	(14,108)
Gross pension deficit	(2,917)	(6,872)	(6,037)	(4,026)	(1,431)
Deferred tax asset	759	1,855	1,690	1,128	400
Net pension deficit	(2,158)	(5,017)	(4,347)	(2,898)	(1,031)

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

24 Pensions [Continued]

24.2.1 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:

	2011	2010
Equities	64%	68%
Bonds	24%	26%
Property	1%	1%
Other	11%	5%
	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 6.13% for the year to 31st August 2012.

	2011 £'000	2010 £'000
Actual return on scheme assets	2,057	1,041
Weighted average assumptions used to determine benefit obligations at:	2011	2010
Discount rate	5.40%	5.10%
Rate of compensation increase	N/A	N/A
Weighted average assumptions used to determine net pension cost for the year ended 31st August 2011:	2011	2010
Discount rate	5.10%	5.60%
Expected long-term return on scheme assets	6.34%	5.90%
Weighted average life expectancy for mortality tables used to determine benefit obligations at 31st August 2011:	Male	Female
Member age 65 (current life expectancy)	23.1	25.2
Member age 45 (life expectancy at age 65)	25.0	26.6

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

24 Pensions [Continued]

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

Changes in the present value of the defined benefit obligations are as follows:	2011 £'000	2010 £'000
Benefit obligation at beginning of year	20,760	18,698
Interest cost	1,045	1,033
Actuarial gains	(2,230)	1,541
Benefits paid	(573)	(512)
Benefit obligation at end of year	19,002	20,760
Analysis of defined benefit obligation		
Schemes that are wholly or partly funded	19,002	20,760
Change in the fair value of scheme assets are as follows:		
Fair value of scheme assets at beginning of year	13,888	12,661
Expected return on scheme assets	886	752
Actuarial gains	1,185	289
Employer contribution	699	698
Benefits paid	(573)	(512)
Fair value of scheme assets at end of year	16,085	13,888
Analysis of the amount charged to interest payable		
Expected return on pension scheme assets	(886)	(752)
Interest on pension scheme liabilities	1,045	1,033
Net charge in profit and loss account	159	281
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actuarial gain immediately recognised	(3,415)	1,252

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 £3,610,000 at 31 August 2011.

History of experience gains and losses	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Difference between the expected and actual return on the scheme assets:	1,185	289	(1,154)	(1,316)	271
Percentage of scheme assets	7%	2%	(9%)	(10%)	2%
Experience gains and losses on scheme liabilities	(2,094)	Nil	Nil	(1,700)	Nil
Percentage of the present value of the scheme liabilities	(11%)	Nil	Nil	(10%)	Nil

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

24 Pensions [Continued]

24.2.2 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 £1,250,000. The company has agreed to contribute £800,000 to the scheme during the year to 31st August 2012.

The actuarial valuation was updated to 31st August 2011 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 2011 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.

	2011 £'000	2010 £'000	2008 £'000	2007 £'000	2006 £'000
Total fair value of assets	20,091	19,564	17,903	19,254	20,661
Present value of liabilities	(24,570)	(25,143)	(22,858)	(21,896)	(22,322)
Gross pension deficit	(4,479)	(5,579)	(4,955)	(2,642)	(1,661)
Deferred tax asset	1,164	1,562	1,387	739	466
Net pension deficit	(3,315)	(4,017)	(3,568)	(1,903)	(1,195)

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

	2011	2010
Equities	50%	51%
Bonds	50%	49%
	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 5.90% for the year to 31st August 2012.

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

24 Pensions [Continued]

24.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

	2011 £'000	2010 £'000
Actual return on scheme assets	310	2,095
Weighted average assumptions used to determine benefit obligations at:	2011	2010
Discount rate	5.4%	5.1%
Rate of compensation increase	N/A	N/A
Weighted average assumptions used to determine net pension cost for the year ended 31st August 2011:	2011	2010
Discount rate	5.1%	5.6%
Expected long-term return on scheme assets	5.9%	6.2%
Rate of compensation increase	N/A	N/A
Weighted average life expectancy for mortality tables used to determine benefit obligations at 31st August 2011:	Male	Female
Member age 65 (current life expectancy)	21.8	24.7
Member age 45 (life expectancy at age 65)	24.7	27.7
Changes in the present value of the defined benefit obligations are as follows:	2011 £'000	2010 £'000
Benefit obligation at beginning of year	25,143	22,858
Interest cost	1,256	1,252
Actuarial losses	(796)	2,042
Benefits paid	(1,033)	(1,009)
Benefit obligation at end of year	24,570	25,143
Analysis of defined benefit obligation		
Schemes that are wholly or partly funded	24,570	25,143

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

24 Pensions [Continued]

24.2.2 Carrs Billington Agriculture Pension Scheme [Continued]

Change in the fair value of scheme assets are as follows:	2011 £'000	2010 £'000
Fair value of scheme assets at beginning of year	19,564	17,903
Expected return on scheme assets	1,161	1,097
Actuarial loss	(851)	998
Employer contribution	1,250	575
Benefits paid	(1,033)	(1,009)
Fair value of scheme assets at end of year	20,091	19,564
	2011 £'000	2010 £'000
Analysis of the amount charged to interest payable		
Expected return on pension scheme assets	(1,161)	(1,097)
Interest on pension scheme liabilities	1,256	1,252
Net charge in profit and loss account	95	155
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actuarial loss immediately recognised	55	1,044

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 £7,653,000 at 31st August 2011.

History of experience gains and losses	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Difference between the expected and actual return on the scheme assets:	(851)	998	(2,060)	(3,005)	192
Percentage of scheme assets	(4%)	5%	(12%)	(16%)	1%
Experience gains and losses on scheme liabilities	Nil	(996)	Nil	Nil	844
Percentage of the present value of the scheme liabilities	Nil	(4%)	Nil	Nil	4%

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

25 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 2011

26 Related party transactions

Loans from shareholders amounted to £179,250 (2010 £177,691) on which interest of £4,176 (2010 £4,350) is payable.

Four of the company's directors, Mr. E.W. Billington, Mr. M.R. Cashin, Mr. D. Marshall and Mr. L.L.R. Whiteley hold a total of 33,000 Class D non-voting, non-dividend eligible shares in Wholesome Sweeteners Inc. Further details of which are included in note 23.

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 2011	Management			Creditors £'000	Debtors £'000
	Sales £'000	Purchases £'000	Charges £'000		
Carrs Milling Industries PLC	-	15	-	1,225	4
Carrs Billington Agriculture (Sales) Limited	86,803	473	50	17	12,052
Carrs Engineering Limited	-	140	-	22	-
Carrs Properties Limited	-	18	-	-	-
Carrs Flour Mills Limited	1,529	1,914	-	152	7
Bibby Agriculture Limited	11,669	-	-	1	905
Afgritech Limited	-	454	-	30	38

The balance of £1,225,000 (2010 £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 £12,052,000 (2010 £8,615,000) due from Carrs Billington Agriculture (Sales) Limited is £1,225,000 (2010 £1,225,000) which is also unsecured, interest free and repayable after more than one year.

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

Edward Billington and Son Limited and Subsidiaries

Notes to the Accounts [Continued]

For the year ended 31st August 2011

27 Reconciliation of operating profit to operating cash flows

	2011 £'000	2010 £'000
Operating profit	6,017	3,921
Depreciation of tangible fixed assets	3,108	2,895
Amortisation of intangible fixed assets	1,102	1,103
Surplus on disposal of tangible fixed assets	(68)	(104)
Earnings before interest, depreciation and amortisation	10,159	7,815
Dividends from associates	44	17
Trade investment write off	20	-
Increase in stocks	(3,500)	596
Increase in debtors	(5,254)	(2,246)
Increase in creditors	5,142	1,977
Increase in provisions	18	-
Defined benefit pension schemes	(1,695)	(838)
Net cash inflow from operating activities	4,934	7,321

28 Analysis of net debt

	At 31st August 2010 £'000	Cash Flow £'000	Other non- Cash Changes £'000	At 31st August 2011 £'000
Cash at bank and in hand	2,201	2,341	-	4,542
Bank overdrafts	(4,414)	(3,609)	-	(8,023)
	(2,213)	(1,268)	-	(3,481)
Debt due within one year	(500)	500	(48)	(48)
Debt due after one year	(48)	-	48	-
Finance leases	(1,009)	(249)	-	(1,258)
Total	(3,770)	(1,017)	-	(4,787)

	2011 £'000	2010 £'000
Decrease in cash in the year	(1,268)	538
Cash outflow from decrease in debt and lease financing	251	1,034
Movement in net debt in the year	(1,017)	1,572
Net debt at 31st August 2010	(3,770)	(5,342)
Net debt at 31st August 2011	(4,787)	(3,770)

EDWARD BILLINGTON & SON LIMITED COMPANY OVERVIEW

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AGRICULTURAL BUSINESSES

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