REGISTRAR

I & H Brown Limited

Report and Financial Statements

26 August 2007

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COMPANIES HOUSE

Registered No SC 040891

Directors
J H Brown (Chairman)
J S Brown (Managing Director)
R E Philpott
R M Brown
D H Brown
R M Entwistle

Secretary
J S Brown

Auditors
Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers
The Royal Bank of Scotland PLC
Perth Chief Office
12 Dunkeld Road
Perth

Solicitors
J R Stevenson & Marshall
41 East Port
Dunfermline
Fife
KY12 7LG

Shepherd and Wedderburn
155 St Vincent Street
Glasgow
G2 5NR

Registered Office
Dunkeld Road
Perth
PH1 3YD

Directors' report

The directors present their report and financial statements for the year ended 26 August 2007

Results and dividends

The group profit for the year attributable to members amounted to £1,373,150 (2006 £2,317,754) The directors do not recommend the payment of a final ordinary dividend, making the total ordinary dividends of £Nil for the year (2006 £nil)

Principal activities and review of business developments

The principal activities of the group consist of Civil Engineering, Energy, Waste Disposal, Plant Hire, Farming and Estate Management, Property Development and a Travel Agency

The group's principal activities during the year were civil engineering and remediation, energy and property development The group's Travel Agency business ceased operations on 31 March 2007

The directors are satisfied with the results of the year which reflect the planned cessation of our open cast coal mining activities and our continuing investment in the development of renewable energy sites The results are particularly pleasing considering the level of cost and management time invested in securing such development opportunities The use of brown field development sites is giving us an increasing number of opportunities

The group has had another excellent year in the civil engineering and remediation sector Control of costs in our contracting activities continues to be of key importance, and strong management and an excellent reporting and control environment has once again produced strong margins

The group continues to pursue renewable energy developments The group sold a wind farm project vehicle in December 2007 following the year end The group is currently awaiting the outcome of two planning applications and should consent be granted, one of these prospects will be taken over by a major utility Decisions are expected before August 2008 Our two operating wind farms continue to operate profitably

The group is asset rich with minimal external debt and should therefore be somewhat protected from the "credit crunch" affecting the UK economy Nevertheless we can be affected by the general uncertainty that such wider economic factors can create in the marketplace, particularly in the property sector The property division continues to grow in stature and some significant staff appointments have been made in recent weeks We believe this division has potential for further growth in the medium term

The group's farming and estates interests have benefited from both recent increases in crop prices and land values These higher values are likely to persist in the current year

Our existing open cast coal mining and landfill activities were largely completed during the year and the future will involve continuing aftercare and restoration of those sites, adequate provision for such liabilities being included in these financial statements

With opportunities in energy and brown field development, and an excellent order book in our civil engineering business, we look forward to the new year and beyond with relish and enthusiasm

Post balance sheet events

On 14 December 2007, I&H Brown Limited successfully completed the sale of one of its subsidiaries, I&H Brown (Toddleburn) Limited to SSE Generation Limited

Directors' report

Directors and their interests

The directors of the company during the year were as follows

J H Brown
J S Brown
R E Philpott
I Imrie (resigned 24 June 2007)
R M Brown
C M Richardson (resigned 16 May 2007)
D H Brown
R M Entwistle

Treasury management policy

The group's principal financial investments comprise cash, cash equivalents and loans Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the group's operating activities

The main risks associated with the group's financial assets and liabilities are set out below

Interest rate risk

The group invests surplus cash in a floating rate interest yielding bank deposit account and has access to a floating rate interest bearing overdraft facility Term loans are entered into at floating interest rates The group's interest income and expenses are therefore affected by movements in interest rates The group does not undertake any hedging activity as the directors do not consider there to be any significant exposure

Credit risk

The group has external debtors, however, the group undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default

Liquidity risk

The group aims to mitigate liquidity risk by managing cash generated by its operations

Foreign currency risk

The group does not have any foreign currency transactions and therefore is not exposed to any foreign currency risk

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Directors' report

Auditors

A resolution to re appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting

On behalf of the Board

J S Brown
Director

11 February 2008

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

ERNST & YOUNG

Independent auditors' report

to the members of I & H Brown Limited

We have audited the group and parent company financial statements (the "financial statements") of I & H Brown Limited for the year ended 26 August 2007, which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 29 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 26 August 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

12 February 2008

Group profit and loss account

for the year ended 26 August 2007

	Notes	52 weeks ended 26 August 2007 £	52 weeks ended 28 August 2006 £
Turnover	2	28,132,180	35,705,954
Cost of sales		26,397,152	31,450,661
Gross profit		1,735,028	4,255,293
Administrative expenses		(1,351,168)	(2,964,353)
Other operating income	3(a)	949,762	1,470,586
Operating profit	3(a)	1,333,622	2,761,526
Profit on sale of land and buildings		358,069	499,451
Other income		1,713	6,256
Income from investments		70,780	34,276
Interest payable and similar charges	7	(179,622)	(51,758)
Bank interest receivable		34,300	61,204
		285,240	549,429
Profit on ordinary activities before taxation		1,618,862	3,310,955
Tax on profit on ordinary activities	8	245,712	993,201
Profit retained for the financial year	22	£1,373,150	£2,317,754

Group statement of total recognised gains and losses

for the year ended 26 August 2007

There are no recognised gains or losses other than the retained profit attributable to the shareholders of the company of £1,373,150 in the year ended 26 August 2007 and the profit of £2,317,754 in the year ended 28 August 2006

Group balance sheet

at 26 August 2007

	Notes	26 August 2007 £	28 August 2006 £
Fixed assets			
Intangible assets	9		128,927
Tangible assets	10	18,034,162	19,814,226
		18,034,162	19,943,153
Current assets			
Stocks	12	11,451,153	6,837,615
Debtors	13	4,586,936	8,004,570
Investments	11	581,216	616,523
Cash at bank and in hand	14	303,045	2,310,872
		16,922,350	17,769,580
Creditors amounts falling due within one year	15	8,820,207	12,040,788
Net current assets		8,102,143	5,728,792
Total assets less current liabilities		26,136,305	25,671,945
Creditors amounts falling due after more than one year	16	616,651	479,438
Provisions for liabilities and charges	19	4,337,169	5,383,172
		4,953,820	5,862,610
Net assets		£21,182,485	£19,809,335
Capital and reserves			
Called up share capital	21	72,200	72,200
Share premium account	22	147,349	147,349
Revaluation reserve	22	751,153	751,153
Capital reserve on consolidation	22	35,937	35,937
Profit and loss account	22	20,175,846	18,802,696
Equity shareholders' funds	22	£21,182,485	£19,809,335

The financial statements were approved by the Board of Directors on // February 2008 and signed on their behalf by

J S Brown – Director

Company balance sheet

at 26 August 2007

	Notes	26 August 2007 £	28 August 2006 £
Fixed assets			
Intangible assets	9		128,927
Tangible assets	10	18,034,162	19,786,153
Investment in subsidiaries	11	150,301	150,301
		18,184,463	20,065,381
Current assets			
Stocks	12	10,494,226	6,837,615
Debtors	13	5,543,563	8,033,439
Investments	11	581,216	616,523
Cash at bank and in hand	14	303,045	2,010,520
		16,922,050	17,498,097
Creditors amounts falling due within one year	15	8,970,208	12,011,624
Net current assets		7,951,842	5,486,473
Total assets less current liabilities		26,136,305	25,551,854
Creditors. amounts falling due after more than one year	16	616,651	479,438
Provisions for liabilities and charges	19	4,337,169	5,383,172
		4,953,820	5,862,610
Net assets		£21,182,485	£19,689,244
Capital and reserves			
Called up share capital	21	72,200	72,200
Share premium account	22	147,349	147,349
Revaluation reserve	22	751,153	751,153
Capital redemption reserve	22	2,000	2,000
Profit and loss account	22	20,209,783	18,716,542
Equity shareholders' funds	22	£21,182,485	£19,689,244

The financial statements were approved by the Board of Directors on 11 February 2008 and signed on their behalf by

J S Brown Director

Group statement of cash flows

for the year ended 26 August 2007

	Notes	2007 £	2006 £
Net cash (outflow)/inflow from operating activities	3(b)	(2,001,215)	2,922,701
Returns on investments and servicing of finance			
Interest paid		(101,126)	(38,529)
Interest element of finance lease rental payments		(31,554)	(22,057)
Interest received		34,300	61,204
Dividends received and other investment income		19,981	18,242
Net cash (outflow)/inflow from returns on investments and servicing of finance		(78,399)	18,860
Taxation			
Corporation tax paid		(662,164)	(1,121,732)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,912,296)	(3,597,228)
Receipts from sales of tangible fixed assets		1,989,198	3,388,547
Net cash inflow/(outflow) from capital expenditure		76,902	(208,681)
Cash (outflow)/ inflow before use of liquid resources and financing		(2,664,876)	1,611,148
Management of liquid resources			
Purchase of investments held as liquid resources		(246,689)	(316,734)
Disposal of investments held as liquid resources		332,795	135,666
Net cash inflow/(outflow) from management of liquid resources		86,106	(181,068)
Financing			
Repayments of capital element of finance lease rentals	14	(300,573)	(335,136)
Net movement in long term borrowings	14	(50,000)	(50,000)
Net cash outflow from financing		(350,573)	(385,136)
(Decrease)/Increase in cash	14	£(2,929,343)	£1,044,944
Reconciliation of net cash flow to movement in net (debt)/funds			
(Decrease)/increase in cash in the year		(2,929,343)	1,044,944
Cash outflow from decrease in debt and lease financing		350,573	385,136
Net movement of liquid resources		(35,307)	197,102
Change in net (debt)/funds resulting from cash flows		(2,614,077)	1,627,182
New finance leases, hire purchase contracts and loans		(1,252,125)	
Movement in net (debt)/funds in the year		(3,866,202)	1,627,182
Net funds at 28 August		1,778,700	151,518
Net (debt)/funds at 26 August	14	£(2,087,502)	£1,778,700

Notes to the financial statements

at 26 August 2007

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain land and buildings and are prepared in accordance with applicable accounting standards

Period of financial statements

These financial statements cover a 12 month period from 28 August 2006 to 26 August 2007 The normal accounting year comprises 52 weeks ending on the Sunday nearest 31 August Periodically a 53 week period is necessary to realign the accounting year with the calendar

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings for the year ended 26 August 2007 The company has taken advantage of the exemption conferred by s230 of the Companies Act 1985 and has presented no profit and loss account The company's profit for the year attributable to the shareholders is £1,493,241 (2006 £2,339,020)

Investment properties

In accordance with SSAP 19, investment properties are revalued annually by the directors and any material aggregate surplus or deficit is transferred to revaluation reserve except for provisions for permanent diminution in value of investment properties which are charged to the profit and loss account

The Companies Act 1985 requires all properties to be depreciated However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19 The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

Investments

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been an impairment, in which case an appropriate adjustment is made

Listed current investments are stated at the lower of cost or market value, and other current asset investments are stated at the lower of cost and estimated net realisable value

Goodwill

Goodwill is the difference between the cost of an acquired asset and the aggregate of the fair value of that asset

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its estimated useful economic life It is reviewed for impairment at the end of the first full financial year following the acquisition and other periods of events or changes in circumstances indicate that the carrying value may not be recoverable

Notes to the financial statements

at 26 August 2007

1. Accounting policies (continued)

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows

Freehold buildings	50 years
Plant and machinery	3 5 years
Motor vehicles	5 years

Freehold open cast coal sites are depreciated and the annual depreciation charge is calculated based on the quantity of coal extracted in the year The calculation is devised to write down the value of the land to agricultural values once the total estimated workable coal reserves are extracted

Any premium paid over and above agricultural value for land and associated buildings with mineral extraction or wind farming potential, is written off where the necessary consents to exploit this potential have not been secured

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows

Development land	purchase cost plus attributable expenses and development costs
Raw materials, consumables and goods for resale	purchase cost on a first in, first out basis
Work in progress	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

Deferred taxation

Deferred taxation 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 or to receive more tax, with the following exception

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

Pensions

The group operates two defined contribution pension schemes Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes

Notes to the financial statements

at 26 August 2007

1. Accounting policies (continued)

Restoration and aftercare provisions

Provision is made for the restoration and aftercare obligations in respect of opencast sites and landfill sites at current price levels using appropriate discount rates for future cash flows

Long term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses Full provision is made for losses on all contracts in the year in which they are first foreseen

In respect of speculative house building, profit is recognised on the sale of houses when, subject to the stage of completion of the development, the sales have been legally completed and after allocating total foreseen construction and site development costs to each unit

Development work in progress

Costs incurred in relation to development activities are included in the balance sheet in work in progress in so far as there is reasonable certainty over the outcome of the project Otherwise, a provision is made against the recoverability of these costs

2. Turnover and segmental analysis

Turnover comprises the invoiced value of goods and services supplied by the group exclusive of VAT and intra group transactions In respect of long term contracts turnover comprises the sales value of work done in the year All turnover arises from activities in the United Kingdom

The amount of group turnover attributable to each of the classes of continuing activity (unless otherwise stated) of the group is as follows

		Turnover
	2007	*2006*
	£	*£*
Plant hire, civil engineering and waste disposal	20,170,518	23,220,015
Travel agency commission discontinued	24,721	51,528
Energy	628,342	4,715,380
Farming and estate management	928,145	849,954
Property development	6,380,454	6,869,077
	£28,132,180	£35,705,954

3. Operating profit

(a) This is stated after charging/(crediting)

		2007	*2006*
		£	*£*
Profit on disposal of plant and machinery		(949,762)	(1,470,586)
Depreciation of owned tangible fixed assets		1,660,926	2,459,815
Depreciation of assets held under finance leases and hire purchase contracts		199,997	89,100
Amortisation of goodwill		128,927	171,912
Operating lease rentals	land and buildings	30,153	30,116
Auditors' remuneration	audit services	30,750	30,000
	non audit services (taxation services)	40,275	24,560

Notes to the financial statements

at 26 August 2007

3. Operating profit (continued)

(b) Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating profit	1,333,622	2,761,526
Other income	1,713	6,256
Depreciation	1,860,923	2,548,915
Amortisation	128,927	171,912
Profit on disposal of tangible fixed assets	(949,762)	(1,470,586)
Decrease in debtors	3,854,633	408,455
(Increase)/decrease in stocks and work in progress	(2,283,793)	499,691
Decrease in creditors	(4,764,475)	(804,034)
Decrease in provisions	(1,183,003)	(1,199,434)
Net cash (outflow)/inflow from operating activities	£(2,001,215)	£2,922,701

4. Staff costs

	2007 £	2006 £
Wages and salaries	5,676,531	6,947,639
Social security costs	620,355	718,443
Other pension costs	346,876	708,816
	£6,643,762	£8,374,898

5. Directors' remuneration

	2007	2006
Emoluments	£742,609	£1,622,914
Contributions paid to money purchase schemes	£132,341	£560,239

The amounts in respect of the highest paid director are as follows

	2007	2006
Emoluments	£279,806	£819,934
Company contributions paid to money purchase pension schemes	£11,874	£317,614

The number of directors to whom retirement benefits are accruing in respect of qualifying services under

	2007 No	2006 No
Money purchase schemes	5	5

Notes to the financial statements

at 26 August 2007

6. Staff numbers

The average number of persons employed by the group, including directors, during the year was as follows

	2007	*2006*
	No	*No*
Management and administration	70	65
Drivers and operators	95	114
	165	179

7 Interest payable and similar charges

	2007	*2006*
	£	*£*
Bank interest	101,021	23,513
Finance charges payable under finance leases and hire purchase contracts	31,554	22,057
Other interest	37,105	6,188
Due to related undertaking	9,942	
	£179,622	£51,758

8. Taxation on profit on ordinary activities

(a) The taxation charge is made up as follows

	2007	*2006*
	£	*£*
Current tax		
Based on the profit for the year		
UK corporation tax		856,828
Tax under/(over)provided in previous years	108,712	(125,375)
Total current tax (note 8(b))	108,712	731,453
Deferred tax		
Effect of change in tax rates and legislation on opening balances	(62,123)	
Origination and reversal of timing differences	199,123	261,748
Total deferred tax (note 20)	137,000	261,748
Tax on profit on ordinary activities	£245,712	£993,201

Notes to the financial statements

at 26 August 2007

8 Taxation on profit on ordinary activities (continued)

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% The differences are reconciled below

	2007	*2006*
	£	*£*
Profit on ordinary activities before taxation	1,618,862	3,310,955
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	485,659	993,287
Accelerated capital allowances	(135,089)	(187,731)
Expenses not deductible for tax purposes/(profit on non qualifying assets not taxable)	(267,576)	(127,302)
Chargeable gains	32,115	98,582
Profits chargeable at 19%	523	(1,216)
Other timing differences	(115,632)	81,208
Under/(over) provision in previous years	108,712	(125,375)
Total current tax	£108,712	£731,453

9. Intangible fixed assets

Group and company

	Goodwill
	£
Cost	
At 28 August 2006 and 26 August 2007	479,599
Amortisation	
At 28 August 2006	350,672
Provided during the year	128,927
At 26 August 2007	479,599
Net book value	
At 26 August 2007	£
At 28 August 2006	£128,927

Goodwill is being written off in equal instalments over 35 months

Notes to the financial statements

at 26 August 2007

10. Tangible fixed assets

Group	*Investment property* £	*Freehold land and buildings* £	*Motor vehicles* £	*Plant and machinery* £	*Total* £
Cost or valuation					
At 28 August 2006	2,445,800	12,515,547	2,363,592	14,221,113	31,546,052
Additions		608,400	359,119	2,124,452	3,091,971
Transfers between categories	152,749	(152,749)			
Transfers to development work in progress		(2,329,745)			(2,329,745)
Disposals		(113,000)	(802,314)	(3,125,631)	(4,040,945)
At 26 August 2007	2,598,549	10,528,453	1,920,397	13,219,934	28,267,333
Depreciation					
At 28 August 2006		1,463,035	1,579,065	8,689,726	11,731,826
Provided during the year		6,000	295,938	1,558,985	1,860,923
Disposals		(25,000)	(653,144)	(2,681,434)	(3,359,578)
At 26 August 2007		1,444,035	1,221,859	7,567,277	10,233,171
Net book value					
At 26 August 2007	£2,598,549	£9,084,418	£698,538	£5,652,657	£18,034,162
At 28 August 2006	£2,445,800	£11,052,512	£784,527	£5,531,387	£19,814,226

Company	*Investment property* £	*Freehold land and buildings* £	*Motor vehicles* £	*Plant and machinery* £	*Total* £
Cost or valuation					
At 28 August 2006	2,445,800	12,497,547	2,363,592	14,194,919	31,501,858
Additions		608,400	359,119	2,124,452	3,091,971
Transfers between categories	152,749	(152,749)			
Transfer to development work in progress		(2,329,745)			(2,329,745)
Disposals		(95,000)	(802,314)	(3,099,437)	(3,996,751)
At 26 August 2007	2,598,549	10,528,453	1,920,397	13,219,934	28,267,333
Depreciation					
At 28 August 2006		1,463,035	1,579,065	8,673,605	11,715,705
Provided during the year		6,000	295,938	1,554,048	1,855,986
Transfer from subsidiary					
Disposals		(25,000)	(653,144)	(2,660,376)	(3,338,520)
At 26 August 2007		1,444,035	1,221,859	7,567,277	10,233,171
Net book value					
At 26 August 2007	£2,598,549	£9,084,418	£698,538	£5,652,657	£18,034,162
At 28 August 2006	£2,445,800	£11,034,512	£784,527	£5,521,314	£19,786,153

Notes to the financial statements

at 26 August 2007

10. Tangible fixed assets (continued)

The net book value of plant and machinery and motor vehicles above includes an amount of £1,516,319 (2006 £379,719) in respect of assets held under finance leases and hire purchase contracts

A revaluation of freehold farm land and buildings at 30 August 1996 was undertaken by the directors and incorporated in the financial statements to reflect the appreciation in the value of land in Scotland in previous years

The historical cost of freehold land and buildings included at valuation is as follows

	Group £	*Company* £
At 26 August 2007	£8,688,519	£8,688,519
At 28 August 2006	£8,688,519	£8,688,519

Investment properties have been valued by the directors at 26 August 2007

11. Investments

Company

(a) Fixed asset investments

	Subsidiary undertakings £
Cost	
At 28 August 2006 and 26 August 2007	233,582
Amounts provided for/written off	
28 August 2006 and 26 August 2007	83,281
Net book value	
At 28 August 2006 and 26 August 2007	£150,301

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Name of company	*Country of incorporation or registration*	*Nature of business*	*Proportion of ordinary shares held*
I & H Brown Travel Limited	Scotland	Dormant	100%
I & H Brown (Kirkton) Limited	Scotland	In voluntary liquidation	100%
Tighmor Developments Limited	Scotland	Dormant	100%
I & H Brown Toddleburn Limited	Scotland	Wind farm Developer	100%
I & H Brown Calliachar Limited	Scotland	Wind farm Developer	100%
I & H Brown Bankend Rig Limited	Scotland	Wind farm Developer	100%

Notes to the financial statements

at 26 August 2007

11. Investments (continued)

(b) Current asset investments

Group and company

	Listed on the London Stock Exchange	*Unlisted*	*Total*
	£	£	£
Cost			
At 28 August 2006	564,000	52,523	616,523
Additions	246,689		246,689
Disposals	(281,996)		(281,996)
At 26 August 2007	528,693	52,523	581,216
Amounts provided for/written off			
At 28 August 2006			
Disposals			
At 26 August 2007			
Net book value			
At 26 August 2007	£528,693	£52,523	£581,216
At 28 August 2006	£564,000	£52,523	£616,523

The market value of listed investments at 26 August 2007 was £558,761 (2006 £612,295)

Listed investments comprise ordinary shares in Royal Bank of Scotland plc and Impax Group Plc

12. Stocks

Group and company

	Group		*Company*	
	2007	*2006*	*2007*	*2006*
	£	£	£	£
Development land	5,558,765		5,558,765	
Work in progress	5,497,101	6,645,340	4,540,174	6,645,340
Spares and fuels	45,788	51,884	45,788	51,884
Farm stock	349,499	140,391	349,499	140,391
	£11,451,153	£6,837,615	£10,494,226	£6,837,615

The difference between purchase price or production cost of stocks and their replacement cost is not regarded as material

Notes to the financial statements

at 26 August 2007

13. Debtors

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Trade debtors and amounts recoverable on contracts	3,146,206	6,042,642	3,146,206	6,041,614
Due from related companies	9,691	290,152	9,691	290,152
Due from subsidiary undertakings			988,430	170,798
Other debtors	994,040	1,671,776	962,237	1,530,875
Corporation tax recoverable	436,999		436,999	
	£4,586,936	£8,004,570	£5,543,563	£8,033,439

Included in other debtors are retentions of £457,574 (2006 £771,838) which are due in more than one year

14. Analysis of net funds

Group	*At 28 August 2006* £	*Cash flow* £	*Other non cash changes* £	*At 26 August 2007* £
Cash	2,310,872	(2,007,827)		303,045
Bank overdraft (note 15)	(504,034)	(921,516)		(1,425,550)
	1,806,838	(2,929,343)		(1,122,505)
Liquid resources (note 11(b))	564,000	(35,307)		528,693
Finance lease obligations (note 17)	(292,138)	300,573	(1,252,125)	(1,243,690)
Loans	(300,000)	50,000		(250,000)
Total	£1,778,700	£(2,614,077)	£(1,252,125)	£ (2,087,502)

15. Creditors: amounts falling due within one year

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Bank overdrafts (note 14)	1,425,550	504,034	1,425,550	504,034
Current instalment due on bank loan (note 18)	50,000	50,000	50,000	50,000
Trade creditors	2,161,977	3,624,738	2,161,977	3,605,423
Tax and Social Security	291,111	966,201	290,916	961,014
Accruals	3,492,380	6,716,662	3,492,380	6,714,375
Corporation tax		116,453		114,078
Obligations under finance leases and hire purchase agreements (note 17)	827,039	62,700	827,039	62,700
Amounts due to related companies	572,150		572,150	
Amounts owed to subsidiary undertakings			150,196	
	£8,820,207	£12,040,788	£8,970,208	£12,011,624

The bank overdraft is secured on certain of the company's freehold properties, a floating charge and an inter company cross guarantee by all members of the group

Notes to the financial statements

at 26 August 2007

16. Creditors: amounts falling due after more than one year

Group and company

	2007	*2006*
	£	*£*
Obligations under finance leases and hire purchase contracts (note 17)	416,651	229,438
Loans (note 18)	200,000	250,000
	£616,651	£479,438

17. Obligations under finance leases and hire purchase agreements

The maturity of these amounts is as follows

Group and company

	2007	*2006*
	£	*£*
Amount payable		
within one year	827,039	72,985
between two and five years	416,651	229,438
	1,243,690	302,423
Less finance charges allocated to future periods		(10,285)
	£1,243,690	£292,138

Finance leases and hire purchase contracts are analysed as follows

	2007	*2006*
	£	*£*
Current obligations (note 15)	827,039	62,700
Non current obligations (note 16)	416,651	229,438
	£1,243,690	£292,138

The finance lease and hire purchase contracts at 26 August 2007 attract variable interest which is payable separately on the balance of capital outstanding As such, the amounts payable at 26 August 2007 do not include a liability for finance charges

Notes to the financial statements

at 26 August 2007

18. Loans

Group and company

	2007	*2006*
	£	*£*
Amounts falling due		
in one year or less or on demand	50,000	50,000
in more than one year but not more than two years	50,000	50,000
in more than two years but not more than five years	150,000	150,000
in more than five years		50,000
	250,000	300,000
Less included in creditors amounts falling due within one year (note 15)	(50,000)	(50,000)
	£200,000	£250,000

19. Provisions for liabilities and charges

Group and company

		Group		*Company*
	2007	*2006*	*2007*	*2006*
	£	*£*	*£*	*£*
Deferred taxation (note 20)	873,000	736,000	873,000	736,000
Restoration and aftercare provisions	3,464,169	4,647,172	3,464,169	4,647,172
	£4,337,169	£5,383,172	£4,337,169	£5,383,172

Provision is made for the restoration and aftercare obligations in respect of opencast sites and landfill sites at current price levels using appropriate discount rates for future cash flows

The movement in the year in provisions for liabilities and charges can be summarised as follows

	Group	*Company*
	£	*£*
At 28 August 2006	5,383,172	5,383,172
Increase in deferred tax position (note 20)	137,000	137,000
Decrease in restoration and aftercare provisions	(1,183,003)	(1,183,003)
At 26 August 2007	£4,337,169	£4,337,169

Notes to the financial statements

at 26 August 2007

20. Deferred taxation

	2007 £
At 28 August 2006	736,000
Charge during the year (note 8)	137,000
At 26 August 2007	£873,000

Deferred taxation provided in the financial statements is made up as follows

	2007 £	2006 £
Capital allowances in advance of depreciation	1,085,000	1,126,000
Short term timing differences	(212,000)	(390,000)
	£873,000	£736,000

Deferred tax has not been provided on the revalued land and buildings as in the opinion of the directors, the liability will not crystallise in the foreseeable future

21. Share capital

Authorised	2007 No	2006 No	2007 £	2006 £
Ordinary shares of £1 each	250,000	250,000	£250,000	£250,000

Allotted, called up and fully paid	2007 No	2006 No	2007 £	2006 £
Ordinary shares of £1 each	72,200	72,200	£72,200	£72,200

Notes to the financial statements

at 26 August 2007

22. Reconciliation of shareholders' funds and movement on reserves

Group

	Share capital £	*Share premium account* £	*Revaluation reserve* £	*Capital redemption reserve* £	*Profit and loss account* £	*Total* £
At 29 August 2005	72,200	147,349	1,055,284	35,937	16,180,811	17,491,581
Realised revaluation surplus on disposal of freehold land and buildings			(304,131)		304,131	
Profit retained for the year					2,317,754	2,317,754
At 28 August 2006	72,200	147,349	751,153	35,937	18,802,696	19,809,335
Profit retained for the year					1,373,150	1,373,150
At 26 August 2007	£72,200	£147,349	£751,153	£35,937	£20,175,846	£21,182,485

Company

	Share capital £	*Share premium account* £	*Revaluation reserve* £	*Capital redemption reserve* £	*Profit and loss account* £	*Total* £
At 29 August 2005	72,200	147,349	1,055,284	2,000	16,073,391	17,350,224
Realised revaluation surplus on disposal of freehold land and buildings			(304,131)		304,131	
Profit retained for the year					2,339,020	2,339,020
At 28 August 2006	72,200	147,349	751,153	2,000	18,716,542	19,689,244
Profit retained for the year					1,493,241	1,493,241
At 26 August 2007	£72,200	£147,349	£751,153	£2,000	£20,209,783	£21,182,485

23. Capital commitments

At 26 August 2007 the directors had authorised and contracted for future capital expenditure of £Nil (2006 £Nil)

24. Contingent liabilities

(a) The group bankers hold a bond and floating charge for all monies of the group as security over the group overdraft facilities in support of a cross guarantee between group companies

(b) The bank holds a bond of £25,000 in favour of ABTA

(c) At the year end, the company's bankers and insurers have provided, with recourse to the company, bonds to various local authorities and The Coal Authority in respect of construction, mineral extraction and maintenance works amounting to £681,986

Notes to the financial statements

at 26 August 2007

25. Related party transactions and transaction with directors

The group has taken advantage of the exemption permitted by FRS 8 and has not disclosed transactions between its wholly owned subsidiaries

At the balance sheet date a debtor of £572,150 (2006 creditor of £280,461) was outstanding from Fordoun Estates Limited This company is connected to J S Brown and J H Brown by virtue of the fact that they are also directors and shareholders of Fordoun Estates Limited

There were no loans to directors at the beginning or end of the year Loans to certain directors were outstanding for part of the year, as follows

	£
J S Brown	510,110
D H Brown	100,000
R M Brown	100,000

26. Pension commitments

The company operates two defined contribution pension schemes for its directors and senior employees The assets of the schemes are held separately from those of the company in independently administered funds The unpaid contributions outstanding at the year end, included in accruals are £34,717 (2006 £56,948)

27. Other financial commitments

At 26 August 2007 the group and company had annual commitments under non cancellable operating leases as set out below

		Land and buildings
	2007	*2006*
Operating leases which expire		
In two to five years	£30,153	£30,153

28. Post balance sheet events

On 14 December 2007, I&H Brown Limited successfully completed the sale of one of its subsidiaries, I&H Brown (Toddleburn) Limited to SSE Generation Limited

29. Controlling party

In the opinion of the directors no individual stakeholder has outright control of the company