REGISTRAR

I & H Brown Limited

40391

Report and Financial Statements

31 August 2008

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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 31 August 2008.

Results and dividends

The group profit for the year attributable to members amounted to £1,703,499 (2007: £1,373,150). The directors do not recommend the payment of a final ordinary dividend (2007: £nil).

Principal activities and review of business developments

The principal activities of the group consist of Civil Engineering and remediation, Energy, Property Development , Plant Hire, Farming and Estate Management.

The directors are satisfied with the results of the year which reflect our continuing investment in property development and 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. A dispute on one contract led to adjudication which did not find in our favour; further legal action is being given due consideration.

The group continues to pursue renewable energy developments. The group sold an operating wind farm in September 2008 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 2009.

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 shall be affected by the general economic slow down now evident. It is hoped that public sector work will increase and present an growing number of opportunities for our civil engineering division. The property division continues to grow in stature and we believe this division has potential for further growth in the medium term as opportunities arise in the current market place.

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

Our existing open cast coal mining and landfill activities are now largely completed 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 a satisfactory order book in our civil engineering business, we look forward to the new year and beyond with relish and enthusiasm.

The company suffered a significant diminution in the value of its holdings in The Royal Bank of Scotland plc and HBOS plc amounting to £1,161,756. These losses have been fully provided for in these financial statements based on share prices prevailing in November 2008.

Post balance sheet events

In September 2008, I&H Brown Limited successfully completed the sale of one of its operating wind farms, Bu on the island of Stronsay, Orkney to SSE Generation Limited.

Directors' report

Charitable contributions

The company continues to offer significant support, both financial (£28,838) and in-kind, to Victim Support Scotland. Scott Brown chairs their new Campaign Board and administrative help and accommodation is provided to the charity.

Directors

The directors of the company during the year were as follows:

J H Brown
J S Brown
R E Philpott
R M Brown
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

14th December 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.

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 31 August 2008, 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 28. 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.

Independent auditors' report

to the members of I & H Brown Limited (continued)

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 31 August 2008 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

17 December 2008

Group profit and loss account

for the year ended 31 August 2008

	Notes	*53 weeks ended 31 August 2008* £	*52 weeks ended 26 August 2007* £
Turnover	2	37,518,376	28,132,180
Cost of sales		35,769,044	26,397,152
Gross profit		1,749,332	1,735,028
Administrative expenses		(2,547,544)	(1,351,168)
Other operating income	3(a)	555,691	949,762
Operating (loss)/profit	3(a)	(242,521)	1,333,622
Profit on sale of land and buildings		51,211	358,069
Profit on sale of subsidiary undertaking	10	3,303,990	-
Other income		6,711	1,713
Income from investments		57,924	70,780
Provision against carrying value of investments	10	(1,161,756)	-
Profit before interest and tax		2,015,559	1,764,184
Interest payable and similar charges	7	(186,155)	(179,622)
Bank interest receivable		53,257	34,300
Profit on ordinary activities before taxation		1,882,661	1,618,862
Tax on profit on ordinary activities	8	179,162	245,712
Profit retained for the financial year	21	£1,703,499	£1,373,150

Group statement of total recognised gains and losses

for the year ended 31 August 2008

There are no recognised gains or losses other than the retained profit attributable to the shareholders of the company of £1,703,499 in the year ended 31 August 2008 and the profit of £1,373,150 in the year ended 26 August 2007.

Group balance sheet

at 31 August 2008

	Notes	*31 August 2008* £	*26 August 2007* £
Fixed assets			
Tangible assets	9	17,180,706	18,034,162
Current assets			
Stocks	11	14,327,953	11,451,153
Debtors	12	11,045,001	4,586,936
Investments	10	260,208	581,216
Cash at bank and in hand	13	1,604	303,045
		25,634,766	16,922,350
Creditors: amounts falling due within one year	14	15,733,779	8,820,207
Net current assets		9,900,987	8,102,143
Total assets less current liabilities		27,081,693	26,136,305
Creditors: amounts falling due after more than one year	15	367,438	616,651
Provisions for liabilities and charges	18	3,828,271	4,337,169
		4,195,709	4,953,820
Net assets		£22,885,984	£21,182,485
Capital and reserves			
Called up share capital	20	72,200	72,200
Share premium account	21	147,349	147,349
Revaluation reserve	21	751,153	751,153
Capital reserve on consolidation	21	35,937	35,937
Profit and loss account	21	21,879,345	20,175,846
Equity shareholders' funds	21	£22,885,984	£21,182,485

The financial statements were approved by the Board of Directors on 14 December 2008 and signed on their behalf by:

J S Brown – Director

Company balance sheet

at 31 August 2008

	Notes	*31 August 2008* £	*26 August 2007* £
Fixed assets			
Tangible assets	9	17,180,706	18,034,162
Investment in subsidiaries	10	150,201	150,301
		17,330,907	18,184,463
Current assets			
Stocks	11	14,327,953	10,494,226
Debtors	12	11,044,800	5,543,563
Investments	10	260,208	581,216
Cash at bank and in hand	13	1,604	303,045
		25,634,565	16,922,050
Creditors: amounts falling due within one year	14	15,883,779	8,970,208
Net current assets		9,750,786	7,951,842
Total assets less current liabilities		27,081,693	26,136,305
Creditors: amounts falling due after more than one year	15	367,438	616,651
Provisions for liabilities and charges	18	3,828,271	4,337,169
		4,195,709	4,953,820
Net assets		£22,885,984	£21,182,485
Capital and reserves			
Called up share capital	20	72,200	72,200
Share premium account	21	147,349	147,349
Revaluation reserve	21	751,153	751,153
Capital redemption reserve	21	2,000	2,000
Profit and loss account	21	21,913,282	20,209,783
Equity shareholders' funds	21	£22,885,984	£21,182,485

The financial statements were approved by the Board of Directors on 14 December 2008 and signed on their behalf by:

J S Brown - Director

Group statement of cash flows

for the year ended 31 August 2008

	Notes	2008 £	2007 £
Net cash outflow from operating activities	3(b)	(3,047,194)	(2,001,215)
Returns on investments and servicing of finance			
Interest paid		(140,087)	(101,126)
Interest element of finance lease rental payments		(71,796)	(31,554)
Interest received		53,257	34,300
Dividends received and other investment income		57,924	19,981
Net cash outflow from returns on investments and servicing of finance		(100,702)	(78,399)
Taxation			
Corporation tax paid (net of refunds received)		(34,500)	(662,164)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,572,754)	(1,912,296)
Receipts from sales of tangible fixed assets		1,262,361	1,989,198
Net cash (outflow)/inflow from capital expenditure		(310,393)	76,902
Cash outflow before use of liquid resources and financing		(3,492,789)	(2,664,876)
Management of liquid resources			
Purchase of investments held as liquid resources		(840,748)	(246,689)
Disposal of investments held as liquid resources		-	332,795
Net cash (outflow)/inflow from management of liquid resources		(840,748)	86,106
Acquisitions and disposals			
Sale of subsidiary undertaking (net of costs)	10	4,260,818	-
Financing			
Repayments of capital element of finance lease rentals	13	(967,288)	(300,573)
Net movement in long term borrowings	13	(50,000)	(50,000)
Net cash outflow from financing		(1,017,288)	(350,573)
Decrease in cash	13	£(1,090,007)	£(2,929, 343)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(1,090,007)	(2,929,343)
Cash outflow from decrease in debt and lease financing		1,017,288	350,573
Net movement of liquid resources		840,748	(35,307)
Change in net debt resulting from cash flows		768,029	(2,614,077)
New finance leases and hire purchase contracts		(816,500)	(1,252,125)
Provision against carrying value of investments		(1,161,756)	-
Movement in net debt in the year		(1,210,227)	(3,866,202)
Net (debt)/funds at 26 August		(2,087,502)	1,778,700
Net debt at 31 August	13	£(3,297,729)	£(2,087, 502)

Notes to the financial statements

at 31 August 2008

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 26 August 2007 to 31 August 2008. 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 31 August 2008. 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 £1,703,499 (2007: £1,493,241).

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 31 August 2008

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 31 August 2008

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:

	2008	*2007*
	£	*£*
Plant hire, civil engineering and waste disposal	33,762,560	20,170,518
Travel agency commission - discontinued	-	24,721
Energy	392,481	628,342
Farming and estate management	1,250,044	928,145
Property development	2,113,291	6,380,454
	£37,518,376	£28,132,180

3. Operating (loss)/profit

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

	2008	*2007*
	£	*£*
Profit on disposal of plant and machinery	(555,691)	(949,762)
Depreciation of owned tangible fixed assets	1,403,144	1,660,926
Depreciation of assets held under finance leases and hire purchase contracts	485,727	199,997
Amortisation of goodwill	-	128,927
Operating lease rentals - land and buildings	30,153	30,153
Auditors' remuneration - audit services	29,750	30,750
- non-audit services (taxation services)	82,384	40,275

Notes to the financial statements

at 31 August 2008

3. Operating (loss)/profit (continued)

(b) Reconciliation of operating (loss)/profit to net cash outflow from operating activities

	2008	*2007*
	£	*£*
Operating (loss)/profit	(242,521)	1,333,622
Other income	6,711	1,713
Depreciation	1,888,871	1,860,923
Amortisation	-	128,927
Profit on disposal of tangible fixed assets	(555,691)	(949,762)
(Increase)/decrease in debtors	(6,895,064)	3,854,633
Increase in stocks and work in progress	(3,213,317)	(2,283,793)
Increase/(decrease) in creditors	6,156,715	(4,764,475)
Decrease in provisions	(192,898)	(1,183,003)
Net cash outflow from operating activities	£(3,047,194)	£(2,001, 215)

4. Staff costs

	2008	*2007*
	£	*£*
Wages and salaries	6,852,820	5,676,531
Social security costs	735,575	620,355
Other pension costs	197,617	346,876
	£7,786,012	£6,643,762

5. Directors' remuneration

	2008	*2007*
Emoluments	£1,278,110	£742,609
Contributions paid to money purchase schemes	£17,426	£132,341

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

	2008	*2007*
Emoluments	£704,143	£279,806
Company contributions paid to money purchase pension schemes	£ -	£11,874

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

	2008	*2007*
	No.	*No.*
Money purchase schemes	5	5

Notes to the financial statements

at 31 August 2008

6. Staff numbers

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

	2008	*2007*
	No.	*No.*
Management and administration	72	70
Drivers and operators	90	95
	162	165

7. Interest payable and similar charges

	2008	*2007*
	£	*£*
Bank interest	81,555	101,021
Finance charges payable under finance leases and hire purchase contracts	71,796	31,554
Other interest	32,804	37,105
Due to related undertaking	-	9,942
	£186,155	£179,622

8. Taxation on profit on ordinary activities

(a) The taxation charge is made up as follows:

	2008	*2007*
	£	*£*
Current tax:		
Based on the profit for the year:		
UK corporation tax	187,987	-
Tax underprovided in previous years	307,175	108,712
Total current tax (note 8(b))	495,162	108,712
Deferred tax:		
Effect of change in tax rates and legislation on opening balances	-	(62,123)
Origination and reversal of timing differences	(316,000)	199,123
Total deferred tax (note 19)	(316,000)	137,000
Tax on profit on ordinary activities	£179,162	£245,712

Notes to the financial statements

at 31 August 2008

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:

	2008	*2007*
	£	*£*
Profit on ordinary activities before taxation	1,882,661	1,618,862
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	545,972	485,659
(Decelerated)/accelerated capital allowances	51,277	(135,089)
Expenses not deductible for tax purposes	102,204	19,502
Profit on disposal of subsidiary (non-taxable)	(958,157)	(287,078)
Write down of investments (non-deductible)	336,909	-
Chargeable gains	12,421	32,115
Profits chargeable at 19%	-	523
Other timing differences	97,361	(115,632)
Underprovision in previous years	307,175	108,712
Total current tax (note 8(a))	£495,162	£108,712

9. Tangible fixed assets

Group and company	*Investment property*	*Freehold land and buildings*	*Motor vehicles*	*Plant and machinery*	*Total*
	£	*£*	*£*	*£*	*£*
Cost or valuation:					
At 26 August 2007	2,598,549	10,528,453	1,920,397	13,219,934	28,267,333
Additions	-	-	285,722	2,025,463	2,311,185
Disposals	-	(70,869)	(177,052)	(2,955,589)	(3,203,510)
Transfers	(82,749)	(712,250)	-	-	(794,999)
At 31 August 2008	2,515,800	9,745,334	2,029,067	12,289,808	26,580,009
Depreciation:					
At 26 August 2007	-	1,444,035	1,221,859	7,567,277	10,233,171
Provided during the year	-	6,000	269,446	1,613,425	1,888,871
Disposals	-	-	(160,782)	(2,387,269)	(2,548,051)
Transfers	-	(174,688)	-	-	(174,688)
At 31 August 2008	-	1,275,347	1,330,523	6,793,433	9,399,303
Net book value:					
At 31 August 2008	£2,515,800	£8,469,987	£698,544	£5,496,375	£17,180,706
At 26 August 2007	£2,598,549	£9,084,418	£698,538	£5,652,657	£18,034,162

Notes to the financial statements

at 31 August 2008

9. Tangible fixed assets (continued)

The net book value of plant and machinery and motor vehicles above includes an amount of £1,547,968 (2007: £1,516,319) 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 31 August 2008	£8,688,519	£8,688,519
At 26 August 2007	£8,688,519	£8,688,519

Investment properties have been valued by the directors at 31 August 2008.

10. Investments

Company

(a) Fixed asset investments:

	Subsidiary undertakings £
Cost:	
At 26 August 2007	233,582
Disposals	(100)
At 31 August 2008	233,482
Amounts provided for/written off:	
26 August 2007 and 31 August 2008	83,281
Net book value:	
At 31 August 2008	£150,201
At 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%
Tighmor Developments Limited	Scotland	Dormant	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 31 August 2008

10. Investments (continued)

On 14 December 2007, the group completed the sale of I & H Brown Toddleburn Limited. The disposal is analysed as follows:

	£
Net liabilities disposed of:	
Debtors	100
Creditors	(956,928)
	956,828
Profit on disposal	3,303,990
	£4,260,818
Satisfied by:	
Cash	4,489,744
Less: costs of disposal	(228,926)
	£4,260,818

(b) Current asset investments:

Group and company

	Listed on the London Stock Exchange	*Unlisted*	*Total*
	£	£	£
Cost:			
At 26 August 2007	528,693	52,523	581,216
Additions	840,748	-	840,748
At 31 August 2008	1,369,441	52,523	1,421,964
Amounts provided for/written off:			
At 26 August 2007	-	-	-
Charge in year	1,161,756	-	1,161,756
At 31 August 2008	1,161,756	-	1,161,756
Net book value:			
At 31 August 2008	£207,685	£52,523	£260,208
At 26 August 2007	£528,693	£52,523	£581,216

The market value of listed investments at 31 August 2008 was £831,422 (2007: £558,761).

Listed investments comprise ordinary shares in Royal Bank of Scotland plc, Impax Group plc and HBOS plc.

Notes to the financial statements

at 31 August 2008

11. Stocks

Group and company

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Assets held for resale	252,861	-	252,861	-
Development land	7,227,215	5,558,765	7,227,215	5,558,765
Work in progress	6,480,525	5,497,101	6,480,525	4,540,174
Spares and fuels	33,100	45,788	33,100	45,788
Farm stock	334,252	349,499	334,252	349,499
	£14,327,953	£11,451,153	£14,327,953	£10,494,226

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

12. Debtors

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Trade debtors and amounts recoverable on contracts	9,093,083	3,146,206	9,093,083	3,146,206
Due from related companies	9,691	9,691	9,691	9,691
Due from subsidiary undertakings	-	-	31,127	988,430
Other debtors	1,942,227	994,040	1,910,899	962,237
Corporation tax recoverable	-	436,999	-	436,999
	£11,045,001	£4,586,936	£11,044,800	£5,543,563

Included in other debtors are retentions of £1,030,953 (2007: £457,574) which are due in more than one year.

13. Analysis of net debt

Group	*At 26 August 2007* £	*Cash flow* £	*Other non-cash changes* £	*At 31 August 2008* £
Cash	303,045	(301,441)	-	1,604
Bank overdraft (note 14)	(1,425,550)	(788,566)	-	(2,214,116)
	(1,122,505)	(1,090,007)	-	(2,212,512)
Liquid resources (note 10(b))	528,693	840,748	(1,161,756)	207,685
Finance lease obligations (note 16)	(1,243,690)	967,288	(816,500)	(1,092,902)
Loans	(250,000)	50,000	-	(200,000)
Total	£(2,087,502)	£768,029	£(1,978,256)	£(3,297, 729)

Notes to the financial statements

at 31 August 2008

14. Creditors: amounts falling due within one year

	Group		Company	
	2008	*2007*	*2008*	*2007*
	£	*£*	*£*	*£*
Bank overdrafts (note 13)	2,214,116	1,425,550	2,214,116	1,425,550
Current instalment due on bank loan (note 17)	50,000	50,000	50,000	50,000
Trade creditors	3,535,139	2,161,977	3,535,139	2,161,977
Tax and Social Security	367,914	291,111	367,914	290,916
Accruals	8,653,229	3,492,380	8,653,229	3,492,380
Corporation tax	37,917	-	37,917	-
Obligations under finance leases and hire purchase agreements (note 16)	875,464	827,039	875,464	827,039
Amounts due to related companies	-	572,150	-	572,150
Amounts owed to subsidiary undertakings	-	-	150,000	150,196
	£15,733,779	£8,820,207	£15,883,779	£8,970,208

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.

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

Group and company

	2008	*2007*
	£	*£*
Obligations under finance leases and hire purchase contracts (note 16)	217,438	416,651
Loans (note 17)	150,000	200,000
	£367,438	£616,651

Notes to the financial statements

at 31 August 2008

16. Obligations under finance leases and hire purchase agreements

The maturity of these amounts is as follows:

Group and company

	2008	*2007*
	£	*£*
Amount payable:		
within one year	875,464	827,039
between two and five years	217,438	416,651
	1,092,902	1,243,690
Less: finance charges allocated to future periods	-	-
	£1,092,902	£1,243,690

Finance leases and hire purchase contracts are analysed as follows:

	2008	*2007*
	£	*£*
Current obligations (note 14)	875,464	827,039
Non-current obligations (note 15)	217,438	416,651
	£1,092,902	£1,243,690

The finance lease and hire purchase contracts at 31 August 2008 attract variable interest which is payable separately on the balance of capital outstanding. As such, the amounts payable at 31 August 2008 do not include a liability for finance charges.

17. Loans

Group and company

	2008	*2007*
	£	*£*
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	100,000	150,000
	200,000	250,000
Less: included in creditors: amounts falling due within one year (note 14)	(50,000)	(50,000)
	£150,000	£200,000

Notes to the financial statements

at 31 August 2008

18. Provisions for liabilities and charges

Group and company

	Group		Company	
	2008	*2007*	*2008*	*2007*
	£	*£*	*£*	*£*
Deferred taxation (note 19)	557,000	873,000	557,000	873,000
Restoration and aftercare provisions	3,271,271	3,464,169	3,271,271	3,464,169
	£3,828,271	£4,337,169	£3,828,271	£4,337,169

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 26 August 2007	4,337,169	4,337,169
Decrease in deferred tax position (note 19)	(316,000)	(316,000)
Decrease in restoration and aftercare provisions	(192,898)	(192,898)
At 31 August 2008	£3,828,271	£3,828,271

19. Deferred taxation

	2008
	£
At 26 August 2007	873,000
Credit during the year (note 8)	(316,000)
At 31 August 2008	£557,000

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

	2008	*2007*
	£	*£*
Capital allowances in advance of depreciation	891,000	1,085,000
Short term timing differences	(334,000)	(212,000)
	£557,000	£873,000

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.

Notes to the financial statements

at 31 August 2008

20. Share capital

Authorised	*2008*	*2007*	*2008*	*2007*
	No.	*No.*	*£*	*£*
Ordinary shares of £1 each	250,000	250,000	£250,000	£250,000

Allotted, called up and fully paid	*2008*	*2007*	*2008*	*2007*
	No.	*No.*	*£*	*£*
Ordinary shares of £1 each	72,200	72,200	£72,200	£72,200

21. Reconciliation of shareholders' funds and movement on reserves

Group

	Share capital £	*Share premium account* £	*Revaluation reserve* £	*Capital reserve* £	*Profit and loss account* £	*Total* £
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
Profit retained for the year	-	-	-	-	1,703,499	1,703,499
At 31 August 2008	£72,200	£147,349	£751,153	£35,937	£21,879,345	£22,885,984

Company

	Share capital £	*Share premium account* £	*Revaluation reserve* £	*Capital redemption reserve* £	*Profit and loss account* £	*Total* £
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
Profit retained for the year	-	-	-	-	1,703,499	1,703,499
At 31 August 2008	£72,200	£147,349	£751,153	£2,000	£21,913,282	£22,885,984

22. Capital commitments

At 31 August 2008 the directors had authorised and contracted for future capital expenditure of £nil (2007: £Nil).

Notes to the financial statements

at 31 August 2008

23. 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) 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.

24. 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 balance of £nil (2007: creditor of £572,150) was outstanding to 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.

On 17 June 2008, the company transferred a piece of land to the directors' FURB (funded unapproved retirement benefit scheme) for a consideration of £113,750 and realised a profit of £42,843.

25. 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 £34,552 (2007: £34,717).

26. Other financial commitments

At 31 August 2008 the group and company had annual commitments under non-cancellable operating leases as set out below:

		Land and buildings
	2008	*2007*
Operating leases which expire:		
In two to five years	£30,153	£30,153

27. Post balance sheet events

On 4 September 2008, the company sold the trade and assets of Bu Farm, an operational windfarm, to SSE Generation Limited.

28. Controlling party

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