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40891

I & H Brown Limited

Report and Financial Statements

31 August 2003

ERNST & YOUNG

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COMPANIES HOUSE 13/12/03

Registered No: 40891

Directors
J H Brown (Chairman)
J S Brown (Managing Director)
I Imrie
D Ramsay
R E Philpott
D H Brown
R M 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

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Directors' report

The directors present their report and financial statements for the year ended 31 August 2003.

Results and dividends

The group profit for the year attributable to members amounted to £1,104,573. The directors do not recommend the payment of a final ordinary dividend, making the total ordinary dividends of £225,391for the year.

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 directors are satisfied with the results of the year in view of the difficult trading conditions.

Future developments

The company aims for modest growth as and when opportunities arise.

Directors and their interests

The directors of the company during the year and their interests in the share capital of the company were as follows:

	At 31 August 2003 Ordinary shares	*At 1 September 2002 Ordinary shares*
J H Brown	-	-
J H Brown Grandchildren's Trust	3,710	3,710
J S Brown	34,780	34,780
J S Brown Children's Trust	3,710	3,710
I Imrie	2,000	2,000
D Ramsay	-	-
R E Philpott	-	-
D H Brown	20,000	20,000
R M Brown	10,000	10,000
R M Entwistle (appointed 6 January 2003)	-	-

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

10 December 2003

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Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- 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 which disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Independent auditors' report

to the members of I & H Brown Limited

We have audited the company's financial statements for the year ended 31 August 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet, Statement of Cash Flows, Reconciliation of Shareholders' Funds and the related notes 1 to 26. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

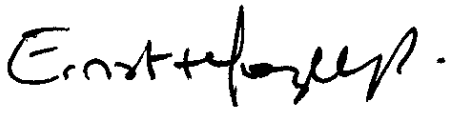
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 of the state of affairs of the company as at 31 August 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

10 December 2003

Group profit and loss account

For the year ended 31 August 2003

	Notes	*52 weeks ended 31 August 2003* £	*52 weeks ended 1 September 2002* £
Turnover	2	24,366,285	18,198,762
Cost of sales		22,537,663	17,407,871
Gross profit		1,828,622	790,891
Administrative expenses		(408,495)	(319,036)
Other operating income		177,448	946,751
Operating profit	3	1,597,575	1,418,606
Other income		11,223	27,730
Income from investments		227,536	35,010
Interest payable and similar charges	7	(154,487)	(203,148)
Bank interest receivable		44,737	33,739
Profit on ordinary activities before taxation		1,726,584	1,311,937
Tax on profit on ordinary activities	8	622,011	163,318
Profit for the financial year attributable to members of the parent company		1,104,573	1,148,619
Dividends			
Ordinary interim dividend paid on equity shares		225,391	400,000
Profit retained for the financial year		£879,182	£748,619

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 £868,657 (2002: £1,129,170).

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,104,573 in the year ended 31 August 2003 and the profit of £1,148,619 in the year ended 1 September 2002.

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Group balance sheet

At 31 August 2003

	Notes	31 August 2003 £	1 September 2002 £
Fixed assets			
Tangible assets	9	21,708,436	22,360,369
Current assets			
Stocks	11	3,137,780	186,017
Debtors	12	6,308,768	4,494,442
Investments	10	270,885	596,013
Cast at bank and in hand	13	159,663	1,917,907
		9,872,096	7,194,379
Creditors: amounts falling due within one year	14	8,680,326	7,699,425
Net current assets/(liabilities)		1,191,770	(505,046)
Total assets less current liabilities		22,900,206	21,855,323
Creditors: amounts falling due after more than one year	15	1,576,000	1,885,000
Provisions for liabilities and charges	18	6,149,191	5,674,490
		7,725,191	7,559,490
		£15,175,015	£14,295,833
Capital and reserves			
Called up share capital	20	74,200	74,200
Share premium account	22	147,349	147,349
Revaluation reserve	22	1,368,743	1,368,743
Capital reserve on consolidation	22	33,937	33,937
Profit and loss account	22	13,550,786	12,671,604
Equity shareholders' funds	21	£15,175,015	£14,295,833

J S Brown – Director

10 December 2003

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Company balance sheet

At 31 August 2003

	Notes	31 August 2003 £	1 September 2002 £
Fixed assets			
Tangible assets	9	20,924,965	21,576,522
Investment in subsidiaries	10	150,001	150,000
		21,074,966	21,726,522
Current assets			
Stocks	11	3,137,780	186,017
Debtors	12	7,061,003	5,250,286
Investments	10	270,885	596,013
Cash at bank and in hand		10,077	1,670,016
		10,479,745	7,702,332
Creditors: amounts falling due within one year	14	8,773,310	7,681,811
Net current assets		1,706,435	20,521
Total assets less current liabilities		22,781,401	21,747,043
Creditors: amounts falling due after more than one year	15	1,576,000	1,885,000
Provisions for liabilities and charges	18	6,149,191	5,674,490
		7,725,191	7,559,490
		£15,056,210	£14,187,553
Capital and reserves			
Called up share capital	20	74,200	74,200
Share premium account	22	147,349	147,349
Revaluation reserve	22	1,368,743	1,368,743
Profit and loss account	22	13,465,918	12,597,261
Equity shareholders' funds	21	£15,056,210	£14,187,553

J S Brown – Director

10 December 2003

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Statement of cash flows

For the year ended 31 August 2003

	Notes	2003 £	2002 £
Net cash inflow from operating activities	3(b)	1,823,219	5,429,128
Returns on investments and servicing of finance			
Interest paid		(38,635)	(53,922)
Interest element of finance lease rental payments		(113,176)	(149,226)
Interest received		44,737	33,739
Dividends received and other investment income		19,502	33,551
Net cash outflow from returns on Investments and servicing of finance		(87,572)	(135,858)
Taxation			
Corporation tax paid		(488,025)	(264,325)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,671,067)	(4,846,242)
Receipts from sales of tangible fixed assets		460,778	1,974,059
Net cash outflow from capital expenditure		(1,210,289)	(2,872,183)
Equity dividends paid		(225,391)	(400,000)
Cash (outflow)/inflow before use of liquid resources and financing		(188,058)	1,756,762
Management of liquid resources			
Purchase of investments held as liquid resources		(822,746)	(347,736)
Disposal of investments held as liquid resources		1,418,933	321,710
Net cash inflow/(outflow) from management of liquid resources		596,187	(26,026)
Financing			
Repayments of capital element of finance lease rentals	13	(1,919,865)	(1,739,210)
Net movement in long term borrowings	17	(50,000)	500,000
Net cash outflow from financing		(1,969,865)	(1,239,210)
(Decrease)/increase in cash	13	£(1,561,736)	£491,526
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year		(1,561,736)	491,526
Cash outflow from decrease in debt and lease financing		1,969,865	1,739,210
Net movement of liquid resources		(325,128)	(59,380)
Change in net debt resulting from cash flows		83,001	2,171,356
New finance leases, hire purchase contracts and loans		(811,000)	(2,058,498)
Movement in net debt in the year		(727,999)	112,858
Net debt at 2 September		(1,877,269)	(2,058,498)
Net debt at 31 August	13	£(2,605,268)	£(1,877,269)

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Notes to the financial statements

at 31 August 2003

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 1 September 2002 to 31 August 2003. 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 2003. No profit and loss account is presented for I & H Brown Limited as permitted by Section 230 of the Companies Act 1985.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually 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. Investment properties are included at open market valuation gross of purchaser costs.

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.

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 over its expected useful life as follows:

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

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Notes to the financial statements

at 31 August 2003

1. Accounting policies (continued)

Depreciation (continued)

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 potential, is written off where the necessary consents to exploit the minerals 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:

Raw materials, consumables and goods for resale - purchase cost on a first-in, first-out basis.

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 provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

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.

Restoration and aftercare provisions

Provision is made for the restoration and aftercare of opencast sites and tips at current price levels.

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 the sales have been legally completed and after allocating total foreseen construction and site development costs to each unit.

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Notes to the financial statements

at 31 August 2003

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 of the group is as follows:

		Turnover
	2003	*2002*
	£	*£*
Plant hire, civil engineering and waste disposal	15,004,167	10,719,981
Travel agency commission	56,198	69,516
Coal mining	7,794,030	6,765,161
Farming and estate management	815,534	644,104
Property development	696,356	-
	£24,366,285	£18,198,762

3. Operating profit

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

	2003	*2002*
	£	*£*
Profit on disposal of fixed assets	(177,448)	(946,751)
Depreciation of owned tangible fixed assets	1,937,451	1,864,800
Depreciation of assets held under finance leases and hire purchase contracts	755,960	752,670
Auditors' remuneration	16,500	16,500

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

	2003	*2002*
	£	*£*
Operating profit	1,597,575	1,418,606
Other income	11,223	27,730
Depreciation	2,693,411	2,617,470
(Decrease)/Increase provision against current asset investments	(63,025)	86,865
Profit on disposal of tangible fixed assets	(177,448)	(946,751)
(Increase)/decrease in debtors	(1,809,326)	491,881
(Increase)/decrease in stocks and work in progress	(2,951,763)	29,107
Increase in creditors	2,057,871	516,496
Increase in provisions	464,701	1,187,724
Net cash inflow from operating activities	£1,823,219	£5,429,128

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Notes to the financial statements

at 31 August 2003

4. Staff costs

	2003 £	2002 £
Wages and salaries	4,928,097	4,074,472
Social security costs	462,843	340,322
Other pension costs	172,654	133,448
	£5,563,594	£4,548,242

5. Directors' remuneration

	2003	2002
Emoluments	£692,901	£269,008
Contributions paid to money purchase schemes	£60,490	£49,756

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

	2003	2002
Emoluments	£260,229	£56,312
Company contributions paid to money purchase pension schemes	£31,000	£28,914

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

	2003 No.	2002 No.
Money purchase schemes	5	5
Defined benefit schemes	-	3

6. Staff numbers

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

	2003 No.	2002 No.
Management and administration	45	41
Drivers and operators	141	131
	186	172

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Notes to the financial statements

at 31 August 2003

7. Interest payable and similar charges

	2003 £	2002 £
Bank interest	42,689	53,922
Finance charges payable under finance leases and hire purchase contracts	111,798	149,226
	£154,487	£203,148

8. Taxation on profit on ordinary activities

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

		2003 £	2002 £
Based on the profit for the year:			
UK corporation tax		602,447	152,461
Deferred taxation (note 19)		10,000	102,000
		612,447	254,461
Under/(over) provided in previous years	- corporation tax	9,564	(91,143)
	- deferred tax (note 19)	-	-
		£622,011	£163,318

(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:

	2003 £	2002 £
Profit on ordinary activities before taxation	1,726,584	1,311,937
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	517,975	393,581
Depreciation in excess of capital allowances	50,095	(243,060)
Expenses not deductible for tax purposes	91,199	7,350
Indexation on gains	-	(3,069)
Profits chargeable at 20%	(1,406)	(2,341)
Other timing differences	(55,416)	-
Total current tax	£602,447	£152,461

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Notes to the financial statements

at 31 August 2003

9. Tangible fixed assets

	Investment property £	*Freehold land and buildings* £	*Motor vehicles* £	*Plant & machinery* £	*Total* £
Group					
Cost or valuation:					
At 2 September 2002	1,196,000	12,204,900	1,934,284	16,842,575	32,177,759
Additions	-	-	364,405	1,960,403	2,324,808
Disposals	-	-	190,528	926,239	1,116,767
At 31 August 2003	1,196,000	12,204,900	2,108,161	17,876,739	33,385,800
Depreciation:					
At 2 September 2002	-	1,511,480	954,115	7,351,795	9,817,390
Provided during the year	-	6,000	306,564	2,380,847	2,693,411
Disposals	-	-	140,281	693,156	833,437
At 31 August 2003	-	1,517,480	1,120,398	9,039,486	11,677,364
Net book value:					
At 31 August 2003	£1,196,000	£10,687,420	£987,763	£8,837,253	£21,708,436
At 2 September 2002	£1,196,000	£10,693,420	£980,169	£9,490,780	£22,360,369

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Notes to the financial statements

at 31 August 2003

9. Tangible fixed assets (continued)

	Investment property £	*Freehold land and buildings* £	*Motor vehicles* £	*Plant & machinery* £	*Total* £
Company					
Cost or valuation:					
At 2 September 2002	1,196,000	11,421,804	1,934,284	16,840,071	31,392,159
Additions	-	-	364,405	1,960,403	2,322,808
Disposals	-	-	190,528	926,239	1,116,767
At 31 August 2003	1,196,000	11,421,804	2,108,161	17,874,235	32,600,200
Depreciation:					
At 2 September 2002	-	1,511,480	954,115	7,350,042	9,815,637
Provided during the year	-	6,000	306,564	2,380,471	2,693,035
Disposals	-	-	140,281	693,156	833,437
At 31 August 2003	-	1,517,480	1,120,398	9,037,357	11,675,235
Net book value:					
At 31 August 2003	£1,196,000	£9,904,324	£987,763	£8,836,878	£20,924,965
At 2 September 2002	£1,196,000	£9,910,324	£980,169	£9,490,029	£21,576,522

The net book value of plant and machinery and motor vehicles above includes an amount of £3,020,906 (2002 - £4,595,191) in respect of assets held under finance leases and hire purchase contracts.

The 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 recent years.

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

	Group £	*Company* £
At 31 August 2003	£9,968,036	£9,950,036
At 1 September 2002	£9,968,036	£9,950,036

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Notes to the financial statements

at 31 August 2003

10. Investments

Company

(a) Fixed asset investments:

	Subsidiary undertakings £
Cost:	
At 2 September 2002	233,281
Additions	1
	£233,282
Amounts provided for/written off:	
2 September 2002 and 31 August 2003	£83,281
Net book value:	
At 31 August 2003	£150,001
At 2 September 2002	£150,000

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	Travel Agency	100%
I & H Brown (Kirkton) Limited	Scotland	Farming	100%
Tighmor Developments Limited	Scotland	Dormant	100%

(b) Current asset investments:

Group and company

	Listed on the London Stock Exchange £	*Unlisted* £	*Total* £
Cost:			
At 2 September 2002	630,355	52,523	682,878
Additions	822,746	-	822,746
Disposals	(1,210,899)	-	(1,210,899)
At 31 August 2003	242,202	52,523	294,725
Amounts provided for/written off:			
At 2 September 2002	86,865	-	86,865
Provided during the year	21,800	-	21,800
Written back during the year	(12,825)	-	(12,825)
Disposals	(72,000)	-	(72,000)
At 31 August 2003	23,840	-	23,840
Net book value:			
At 31 August 2003	£218,362	£52,523	£270,885
At 2 September 2002	£543,490	£52,523	£596,013

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Notes to the financial statements

at 31 August 2003

10. Investments (continued)

The market value of listed investments at 31 August 2003 was £234,250 (2002: £765,775).

Listed investments comprise ordinary shares in Scottish Power plc, Stagecoach Holdings plc, Aggreko plc, Scottish & Newcastle plc.

11. Stocks

Group and company

	2003	*2002*
	£	*£*
Work in progress	2,932,164	-
Spares and fuels	30,234	35,535
Farm stock	175,382	150,482
	£3,137,780	£186,017

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

12. Debtors

	Group		*Company*	
	2003	*2002*	*2003*	*2002*
	£	*£*	*£*	*£*
Trade debtors and amounts recoverable on contracts	4,362,442	4,038,531	4,362,335	4,037,033
Due from related companies	185,094	335,948	942,436	1,093,290
Other debtors	1,423,803	112,783	1,423,803	112,783
Prepayments and accrued income	332,429	7,180	332,429	7,180
	£6,308,768	£4,494,442	£7,061,003	£5,250,286

Included in trade debtors and amounts recoverable on contracts are retentions of £477,313 (2002: £54,838) which are due in more than one year.

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Notes to the financial statements

at 31 August 2003

13. Analysis of net debt

	At 2 September 2002 £	*Cash flow* £	*Other non-cash changes* £	*At 31 August 2003* £
Cash	1,917,907	(1,758,244)	-	159,663
Overdraft (note 14)	(524,151)	196,508	-	(327,643)
	1,393,756	(1,561,736)	-	(167,980)
Liquid resources (note 10)	543,490	(325,128)	-	218,362
Finance lease obligations (note 16)	(3,314,515)	1,919,865	(811,000)	(2,205,650)
Loans	(500,000)	50,000	-	(450,000)
Total	£(1,877,269)	£83,001	£(811,000)	£(2,605,268)

14. Creditors: amounts falling due within one year

	Group		*Company*	
	2003 £	*2002* £	*2003* £	*2002* £
Bank overdrafts (note 13)	327,643	524,151	327,643	524,151
Current instalment due on bank loan (note 17)	50,000	50,000	50,000	50,000
Trade creditors	2,687,695	1,987,754	2,668,744	1,969,488
Tax and Social Security	309,674	482,195	305,221	477,814
Accruals	3,999,217	2,623,349	3,997,467	2,620,616
Corporation tax	276,447	152,461	274,000	147,489
Obligations under finance leases and hire purchase agreements (note 16)	1,029,650	1,879,515	1,029,650	1,879,515
Amounts owed to subsidiary undertakings	-	-	120,585	12,738
	£8,680,326	£7,699,425	£8,773,310	£7,681,811

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

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

Group and company

	2003 £	*2002* £
Obligations under finance leases and hire purchase contracts (note 16)	1,176,000	1,435,000
Loans (note 17)	400,000	450,000
	£1,576,000	£1,885,000

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16. Obligations under finance leases and hire purchase agreements

The maturity of these amounts is as follows:

Group and company

	2003	*2002*
	£	*£*
Amount payable:		
within one year	1,029,650	1,879,515
between two and five years	1,176,000	1,435,000
	2,205,650	3,309,597
Less: finance charges allocated to future periods	-	(4,918)
	£2,205,650	£3,314,515

The majority of finance lease and hire purchase contracts at 2 September 2002 attract variable interest which is payable separately on the balance of capital outstanding. As such the amounts payable at 31 August 2003 on such contracts do not include a liability for finance charges.

Finance leases and hire purchase contracts are analysed as follows:	*2003*	*2002*
	£	*£*
Current obligations (note 14)	1,029,650	1,879,515
Non-current obligations (note 15)	1,176,000	1,435,000
	£2,205,650	£3,314,515

17. Loans

Group and company

	2003	*2002*
	£	*£*
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	200,000	250,000
	450,000	500,000
Less: included in creditors: amounts falling due within one year	50,000	50,000
	£400,000	£450,000

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17. Loans (continued)

	2003 £	2002 £
Details of loans not wholly repayable within five years are as follows:		
£500,000 mortgage at LIBOR and 1% per annum, repayable in annual instalments of £50,000 which commenced on 2 October 2002	450,000	500,000
Less: included in creditors: amounts falling due within one year	50,000	50,000
	£400,000	£450,000

The loan is secured by a fixed charge on the freehold investment property.

18. Provisions for liabilities and charges

Group and company

	2003 £	2002 £
Deferred taxation (note 19)	968,000	958,000
Restoration and aftercare provisions	5,181,191	4,716,490
	£6,149,191	£5,674,490

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

	£
At 2 September 2002	5,674,490
Increase in deferred tax provision (note 19)	10,000
Increase in restoration and aftercare provisions	464,701
At 31 August 2003	£6,149,191

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19. Deferred taxation

	2003	*2002*
	£	*£*
At 2 September 2002	958,000	856,000
Charge for the year (note 8)	10,000	102,000
At 31 August 2003	£968,000	£958,000

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

	2003	*2002*
	£	*£*
Capital gains	-	-
Capital allowances in advance of depreciation	961,000	989,000
Short term timing differences	(7,000)	(31,000)
	£968,000	£958,000

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.

20. Share capital

	Authorised		*Allotted, called up and fully paid*	
	2003	*2002*	*2003*	*2002*
	No.	*No.*	*£*	*£*
Ordinary shares of £1 each	250,000	250,000	£74,200	£74,200

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Notes to the financial statements

at 31 August 2003

21. Reconciliation of shareholders' funds

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Total recognised gains and losses	1,701,193	1,148,619	1,688,417	1,129,170
Dividends	200,000	400,000	200,000	400,000
Net additions to shareholders' funds	879,182	748,619	868,607	729,170
Opening shareholders' funds	14,295,833	13,547,214	14,187,553	13,458,383
Closing shareholders' funds	£15,175,015	£14,295,833	£15,056,210	£14,187,553

22. Statement of movement on reserves

Group

	Share premium account £	Revaluation reserve £	Capital reserve £	Profit and loss account £	Total £
At 26 August 2001	147,349	1,368,743	33,937	11,922,985	13,473,014
Profit retained for the year	-	-	-	748,619	748,619
At 1 September 2002	147,349	1,368,743	33,937	12,671,604	14,221,633
Profit retained for the year	-	-	-	879,182	879,182
At 31 August 2003	£147,349	£1,368,743	£33,937	£13,550,786	£15,100,815

Company

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 26 August 2001	147,349	1,368,743	11,868,091	13,384,133
Profit retained for the financial year	-	-	729,170	729,170
At 1 September 2002	147,349	1,368,743	12,597,261	14,113,353
Profit retained for the financial year	-	-	868,657	868,657
At 31 August 2003	£147,349	£1,368,743	£13,465,918	£13,465,918

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23. Capital commitments

At 31 August 2003 the directors had authorised and contracted for future capital expenditure of £Nil (2002 : £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 company has agreed to provide adequate funds to enable its subsidiary I & H Brown Travel Limited to meet their liabilities as they fall due.

(c) The bank also holds a bond of £25,000 in favour of ABTA.

(d) 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 £3,577,976.

25. Related party transactions

At the Balance Sheet date a loan of £150,000 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.

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.

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