REGISTRAR

I & H Brown Limited

Report and Financial Statements

408971

30 August 2009

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 30 August 2009.

Results and dividends

The group profit for the year attributable to members amounted to £1,083,341 (2008: £1,703,499). The directors do not recommend the payment of a final ordinary dividend (2008: £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 carrying value of development land has been reviewed and written down where appropriate.

The group has had a satisfactory year in the civil engineering and remediation sector despite a fall in turnover. 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 acceptable margins.

The group continues to pursue renewable energy developments. 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. The outcome of two planning applications remains outstanding. Should consent be granted, one of these prospects will be taken over by a major utility. Decisions are expected in the coming months.

The group remains asset rich with modest external debt and is therefore protected from the "credit crunch" affecting the UK economy. Nevertheless we are affected by the general economic slow-down now evident. It is hoped that public sector work and on-shore wind farm construction will continue to present 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 strategic land at Dunfermline has been identified for development in the local plan.

The group's farming and estates interests have benefited from recent increases in land values.

Our open cast coal mining and landfill activities are completed and aftercare and restoration of those sites will continue; 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.

Post balance sheet events

A parcel of farming land was sold in September 2009.

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. The company has produced, for the first time, a Corporate and Social Responsibility Report. This is available at www.ihbrown.com.

Directors' report

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

24 December 2009

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 2006. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of I & H Brown Limited

We have audited the financial statements of I & H Brown Limited for the year ended 30 August 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 August 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Darren Rutherford (Senior Statutory auditor)
For and behalf of Ernst & Young LLP, Statutory Auditor
Registered Auditor
Newcastle upon Tyne

24 December 2009

Group profit and loss account

for the year ended 30 August 2009

	Notes	52 weeks ended 30 August 2009 £	53 weeks ended 31 August 2008 £
Turnover	2	29,005,564	37,518,376
Cost of sales		27,165,611	35,769,044
Gross profit		1,839,953	1,749,332
Administrative expenses		(2,418,782)	(2,547,544)
Other operating income	3(a)	53,941	555,691
Operating loss	3(a)	(524,888)	(242,521)
Profit on sale of land and buildings		208,396	51,211
Profit on sale of businesses		1,500,500	3,303,990
Other income		98,742	6,711
Income from investments		-	57,924
Provision released/(charged) against carrying value of investments		23,122	(1,161,756)
Profit before interest and tax		1,305,872	2,015,559
Interest payable and similar charges	7	(120,562)	(186,155)
Bank interest receivable		38,214	53,257
Profit on ordinary activities before taxation		1,223,524	1,882,661
Tax on profit on ordinary activities	8	140,183	179,162
Profit retained for the financial year	21	1,083,341	1,703,499

All activities of the group are continuing.

Group statement of total recognised gains and losses

for the year ended 30 August 2009

There are no recognised gains or losses other than the retained profit attributable to the shareholders of the company of £1,083,341 in the year ended 30 August 2009 and the profit of £1,703,499 in the year ended 31 August 2008.

Group balance sheet

Registered No. SC040891

at 30 August 2009

	Notes	*30 August 2009* £	*31 August 2008* £
Fixed assets			
Tangible assets	9	16,265,932	17,180,706
Current assets			
Stocks	11	16,658,401	14,327,953
Debtors	12	12,815,855	11,045,001
Investments	10	304,250	260,208
Cash at bank and in hand	13	867	1,604
		29,779,373	25,634,766
Creditors: amounts falling due within one year	14	16,116,811	15,733,779
Net current assets		13,662,562	9,900,987
Total assets less current liabilities		29,928,494	27,081,693
Creditors: amounts falling due after more than one year	15	2,185,433	367,438
Provisions for liabilities and charges	18	3,773,736	3,828,271
		5,959,169	4,195,709
Net assets		23,969,325	22,885,984
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	22,962,686	21,879,345
Equity shareholders' funds	21	23,969,325	22,885,984

The financial statements were approved by the Board of Directors on 24 December 2009 and signed on their behalf by:

J S Brown – Director

Company balance sheet
at 30 August 2009

	Notes	30 August 2009 £	31 August 2008 £
Fixed assets			
Tangible assets	9	16,265,932	17,180,706
Investment in subsidiaries	10	150,301	150,201
		16,416,233	17,330,907
Current assets			
Stocks	11	16,658,401	14,327,953
Debtors	12	12,822,613	11,044,800
Investments	10	304,250	260,208
Cash at bank and in hand	13	867	1,604
		29,786,131	25,634,565
Creditors: amounts falling due within one year	14	16,273,870	15,883,779
Net current assets		13,512,261	9,750,786
Total assets less current liabilities		29,928,494	27,081,693
Creditors: amounts falling due after more than one year	15	2,185,433	367,438
Provisions for liabilities and charges	18	3,773,736	3,828,271
		5,959,169	4,195,709
Net assets		23,969,325	22,885,984
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	22,996,623	21,913,282
Equity shareholders' funds	21	23,969,325	22,885,984

The financial statements were approved by the Board of Directors on 24 December 2009 and signed on their behalf by:

J S Brown - Director

Group statement of cash flows

for the year ended 30 August 2009

	Notes	2009 £	2008 £
Net cash outflow from operating activities	3(b)	(925,051)	(3,047,194)
Returns on investments and servicing of finance			
Interest paid		(82,848)	(140,087)
Interest element of finance lease rental payments		(37,714)	(71,796)
Interest received		38,214	53,257
Dividends received and other investment income		-	57,924
Net cash outflow from returns on investments and servicing of finance		(82,348)	(100,702)
Taxation			
Corporation tax paid (net of refunds received)		(380,366)	(34,500)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets and unlisted investments		(1,291,909)	(1,572,754)
Receipts from sales of tangible fixed assets		573,491	1,262,361
Net cash outflow from capital expenditure		(718,418)	(310,393)
Cash outflow before use of liquid resources and financing		(2,106,183)	(3,492,789)
Acquisitions and disposals			
Sale of businesses (net of costs)		1,500,500	4,260,818
Management of liquid resources			
Purchase of investments held as liquid resources		(14,920)	(840,748)
Net cash outflow from management of liquid resources		(14,920)	(840,748)
Financing			
Repayments of capital element of finance lease rentals	13	(818,362)	(967,288)
Net movement in long term borrowings	13	1,950,000	(50,000)
Net cash inflow/(outflow) from financing		1,131,638	(1,017,288)
Increase/(decrease) in cash	13	511,035	(1,090,007)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year		511,035	(1,090,007)
Cash (inflow)/outflow from decrease in debt and lease financing		(1,131,638)	1,017,288
Net movement of liquid resources		14,920	840,748
Change in net debt resulting from cash flows		(605,683)	768,029
New finance leases and hire purchase contracts		-	(816,500)
Provision released/(charged) against carrying value of investments		23,122	(1,161,756)
Movement in net debt in the year		(582,561)	(1,210,227)
Net debt at 31 August		(3,297,729)	(2,087,502)
Net debt at 30 August	13	(3,880,290)	(3,297,729)

Notes to the financial statements

at 30 August 2009

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.

Going concern

The directors have performed an assessment of the company's ability to continue trading as a going concern, by reference to trading forecasts and financing requirements for a period of 12 months from the approval of these financial statements. The directors are satisfied that the going concern basis of preparation for these financial statements is appropriate.

Period of financial statements

These financial statements cover a 12 month period from 31 August 2008 to 30 August 2009. 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 30 August 2009. The company has taken advantage of the exemption conferred by s408 of the Companies Act 2006 and has presented no profit and loss account. The company's profit for the year attributable to the shareholders is £1,083,341 (2008: £1,703,499).

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 2006 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.

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.

Notes to the financial statements

at 30 August 2009

1. Accounting policies (continued)

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.

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.

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.

Notes to the financial statements

at 30 August 2009

1. Accounting policies (continued)

Long-term contracts (continued)

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:

	2009	*2008*
	£	*£*
Plant hire, civil engineering and waste disposal	27,071,430	33,762,560
Energy	81,036	392,481
Farming and estate management	1,054,815	1,250,044
Property development	798,283	2,113,291
	29,005,564	37,518,376

3. Operating loss

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

	2009	*2008*
	£	*£*
Profit on disposal of plant and machinery	(53,941)	(555,691)
Depreciation of owned tangible fixed assets	1,709,199	1,403,144
Depreciation of assets held under finance leases and hire purchase contracts	180,330	485,727
Operating lease rentals - land and buildings	30,153	30,153
Auditors' remuneration - audit services	29,750	29,750
- non-audit services (taxation services)	37,350	82,384

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

	2009	*2008*
	£	*£*
Operating loss	(524,888)	(242,521)
Other income	98,742	6,711
Depreciation	1,889,529	1,888,871
Profit on disposal of tangible fixed assets	(53,941)	(555,691)
Increase in debtors	(1,307,588)	(6,895,064)
Increase in stocks and work in progress	(2,330,448)	(3,213,317)
Increase in creditors	1,619,078	6,156,715
Decrease in provisions	(315,535)	(192,898)
Net cash outflow from operating activities	(925,051)	(3,047,194)

Notes to the financial statements
at 30 August 2009

4. Staff costs

	2009	2008
	£	£
Wages and salaries	6,182,651	6,852,820
Social security costs	628,123	735,575
Other pension costs	132,165	197,617
	6,942,939	7,786,012

5. Directors' remuneration

	2009	2008
Emoluments	766,849	1,278,110
Contributions paid to money purchase schemes	45,073	17,426

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

	2009	2008
Emoluments	354,343	704,143
Company contributions paid to money purchase pension schemes	-	-

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

	2009	2008
	No.	No.
Money purchase schemes	5	5

6. Staff numbers

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

	2009	2008
	No.	No.
Management and administration	74	72
Drivers and operators	81	90
	155	162

Notes to the financial statements

at 30 August 2009

7. Interest payable and similar charges

	2009	2008
	£	£
Bank interest	57,492	81,555
Finance charges payable under finance leases and hire purchase contracts	37,714	71,796
Other interest	25,356	32,804
	120,562	186,155

8. Taxation on profit on ordinary activities

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

	2009	2008
	£	£
Current tax:		
Based on the profit for the year:		
UK corporation tax	-	187,987
Tax (over)/underprovided in previous years	(120,817)	307,175
Total current tax (note 8(b))	(120,817)	495,162
Deferred tax:		
Origination and reversal of timing differences	261,000	(316,000)
Total deferred tax (note 19)	261,000	(316,000)
Tax on profit on ordinary activities	140,183	179,162

(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 28% (2008: 29%). The differences are reconciled below:

	2009	2008
	£	£
Profit on ordinary activities before taxation	1,223,524	1,882,661
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 29%)	342,586	545,972
(Decelerated)/accelerated capital allowances	(59,129)	51,277
Expenses not deductible for tax purposes/land remediation allowances	(18,826)	102,204
Profit on disposal of subsidiary (non-taxable)	-	(958,157)
Write down of investments (non-deductible)		336,909
Chargeable gains	(53,744)	12,421
Non taxable income	(58,351)	-
Other timing differences	(152,536)	97,361
Adjustments in respect of previous years	(120,817)	307,175
Total current tax (note 8(a))	(120,817)	495,162

Notes to the financial statements

at 30 August 2009

9. Tangible fixed assets

Group and company	*Investment property* £	*Freehold land and buildings* £	*Motor vehicles* £	*Plant and machinery* £	*Total* £
Cost or valuation:					
At 31 August 2008	2,515,800	9,745,334	2,029,067	12,289,808	26,580,009
Additions	346,667	440,730	111,353	387,159	1,285,909
Disposals	-	-	(118,640)	(629,866)	(748,506)
At 30 August 2009	2,862,467	10,186,064	2,021,780	12,047,101	27,117,412
Depreciation:					
At 31 August 2008	-	1,275,347	1,330,523	6,793,433	9,399,303
Provided during the year	-	74,000	274,790	1,540,739	1,889,529
Disposals	-	-	(113,838)	(323,514)	(437,352)
At 30 August 2009	-	1,349,347	1,491,475	8,010,658	10,851,480
Net book value:					
At 30 August 2009	2,862,467	8,836,717	530,305	4,036,443	16,265,932
At 31 August 2008	2,515,800	8,469,987	698,544	5,496,375	17,180,706

The net book value of plant and machinery and motor vehicles above includes an amount of £731,556 (2008: £1,547,968) 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 30 August 2009	8,688,519	8,688,519
At 31 August 2008	8,688,519	8,688,519

Investment properties have been valued by the directors at 30 August 2009 with no material variation noted in respect of the existing carrying values.

Notes to the financial statements

at 30 August 2009

10. Investments

Company

(a) Fixed asset investments:

	Subsidiary undertakings
	£
Cost:	
At 31 August 2008	233,482
Additions	100
At 30 August 2009	233,582
Amounts provided for/written off:	
31 August 2008 and 30 August 2009	83,281
Net book value:	
At 30 August 2009	150,301
At 31 August 2008	150,201

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%
I & H Brown PDF Limited	Scotland	Land Developer	100%

Notes to the financial statements

at 30 August 2009

10. Investments (continued)

(b) Current asset investments:

Group and company

	Listed on the London Stock Exchange	*Unlisted*	*Total*
	£	*£*	*£*
Cost:			
At 31 August 2008	1,369,441	52,523	1,421,964
Additions	14,920	6,000	20,920
At 30 August 2009	1,384,361	58,523	1,442,884
Amounts provided for/written off:			
At 31 August 2008	1,161,756	-	1,161,756
Released in year	(23,122)	-	(23,122)
At 30 August 2009	1,138,634	-	1,138,634
Net book value:			
At 30 August 2009	245,727	58,523	304,250
At 31 August 2008	207,685	52,523	260,208

The market value of listed investments at 30 August 2009 was £264,501 (2008: £831,422).

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

11. Stocks

Group and company

		Group		*Company*
	2009	*2008*	*2009*	*2008*
	£	*£*	*£*	*£*
Assets held for resale	-	252,861	-	252,861
Development land	10,353,020	7,227,215	10,353,020	7,227,215
Work in progress	5,951,753	6,480,525	5,951,753	6,480,525
Spares and fuels	18,440	33,100	18,440	33,100
Farm stock	335,188	334,252	335,188	334,252
	16,658,401	14,327,953	16,658,401	14,327,953

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 30 August 2009

12. Debtors

	Group 2009	Group 2008	Company 2009	Company 2008
	£	£	£	£
Trade debtors and amounts recoverable on contracts	10,773,383	9,093,083	10,773,383	9,093,083
Due from related companies	9,691	9,691	9,691	9,691
Due from subsidiary undertakings	-	-	38,086	31,127
Other debtors	1,569,515	1,942,227	1,538,187	1,910,899
Corporation tax recoverable	463,266	-	463,266	-
	12,815,855	11,045,001	12,822,613	11,044,800

Included in other debtors are retentions of £1,061,361 (2008: £1,030,953) which are due in more than one year.

13. Analysis of net debt

Group	*At 31 August 2008*	*Cash flow*	*Other non-cash changes*	*At 30 August 2009*
	£	£	£	£
Cash	1,604	(737)	-	867
Bank overdraft (note 14)	(2,214,116)	511,772	-	(1,702,344)
	(2,212,512)	511,035	-	(1,701,477)
Liquid resources (note 10(b))	207,685	14,920	23,122	245,727
Finance lease obligations (note 16)	(1,092,902)	818,362	-	(274,540)
Loans	(200,000)	(1,950,000)	-	(2,150,000)
Total	(3,297,729)	(605,683)	23,122	(3,880,290)

14. Creditors: amounts falling due within one year

	Group 2009	Group 2008	Company 2009	Company 2008
	£	£	£	£
Bank overdrafts (note 13)	1,702,344	2,214,116	1,702,344	2,214,116
Current instalment due on bank loan (note 17)	50,000	50,000	50,000	50,000
Trade creditors	4,348,719	3,535,139	4,348,719	3,535,139
Tax and Social Security	528,975	367,914	528,975	367,914
Accruals	9,297,666	8,653,229	9,304,625	8,653,229
Corporation tax	-	37,917	-	37,917
Obligations under finance leases and hire purchase agreements (note 16)	189,107	875,464	189,107	875,464
Amounts owed to subsidiary undertakings	-	-	150,100	150,000
	16,116,811	15,733,779	16,273,870	15,883,779

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 30 August 2009

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

Group and company

	2009	*2008*
	£	*£*
Obligations under finance leases and hire purchase contracts (note 16)	85,433	217,438
Loans (note 17)	2,100,000	150,000
	2,185,433	367,438

The long term loan obtained in the year is secured on part of the Moness Forest Estate and Dunkeld Road.

16. Obligations under finance leases and hire purchase agreements

The maturity of these amounts is as follows:

Group and company

	2009	*2008*
	£	*£*
Amount payable:		
within one year	189,107	875,464
between two and five years	85,433	217,438
	274,540	1,092,902
Less: finance charges allocated to future periods	-	-
	274,540	1,092,902

Finance leases and hire purchase contracts are analysed as follows:

	2009	*2008*
	£	*£*
Current obligations (note 14)	189,107	875,464
Non-current obligations (note 15)	85,433	217,438
	274,540	1,092,902

The finance lease and hire purchase contracts at 30 August 2009 attract variable interest which is payable separately on the balance of capital outstanding. As such, the amounts payable at 30 August 2009 do not include a liability for finance charges.

Notes to the financial statements

at 30 August 2009

17. Loans

Group and company

	2009	2008
	£	£
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	1,050,000	50,000
in more than two years but not more than five years	1,050,000	100,000
	2,150,000	200,000
Less: included in creditors: amounts falling due within one year (note 14)	(50,000)	(50,000)
	2,100,000	150,000

During the year a new bank loan was obtained, secured on land at Dunkeld Road and Moness Forest. Interest is chargeable at 2% above LIBOR.

18. Provisions for liabilities and charges

Group and company

		Group		Company
	2009	2008	2009	2008
	£	£	£	£
Deferred taxation (note 19)	818,000	557,000	818,000	557,000
Restoration and aftercare provisions	2,955,736	3,271,271	2,955,736	3,271,271
	3,773,736	3,828,271	3,773,736	3,828,271

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 31 August 2008	3,828,271	3,828,271
Increase in deferred tax position (note 19)	261,000	261,000
Decrease in restoration and aftercare provisions	(315,535)	(315,535)
At 30 August 2009	3,773,736	3,773,736

Notes to the financial statements

at 30 August 2009

19. Deferred taxation

	2009
	£
At 31 August 2008	557,000
Charge during the year (note 8)	261,000
At 30 August 2009	818,000

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

	2009	2008
	£	£
Capital allowances in advance of depreciation	931,000	891,000
Short term timing differences	(113,000)	(334,000)
	818,000	557,000

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	2009	2008	2009	2008
	No.	No.	£	£
Ordinary shares of £1 each	250,000	250,000	250,000	250,000

Allotted, called up and fully paid

	2009	2008	2009	2008
	No.	No.	£	£
Ordinary shares of £1 each	72,200	72,200	72,200	72,200

Notes to the financial statements

at 30 August 2009

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 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
Profit retained for the year	-	-	-	-	1,083,341	1,083,341
At 30 August 2009	72,200	147,349	751,153	35,937	22,962,686	23,969,325

Company

	Share capital	*Share premium account*	*Revaluation reserve*	*Capital redemption reserve*	*Profit and loss account*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
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
Profit retained for the year	-	-	-	-	1,083,341	1,083,341
At 30 August 2009	72,200	147,349	751,153	2,000	22,996,623	23,969,325

22. Capital commitments

At 30 August 2009 the directors had authorised and contracted for future capital expenditure of £nil (2008: £nil).

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 £681 (2008: creditor of £nil) 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.

Notes to the financial statements

at 30 August 2009

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 £25,047 (2008: £34,552).

26. Other financial commitments

At 30 August 2009 the group and company had annual commitments under non-cancellable operating leases as set out below:

		Land and buildings
	2009	*2008*
Operating leases which expire:		
In two to five years	30,153	30,153

27. Controlling party

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