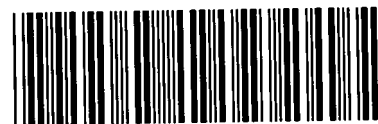


I & H Brown Limited

Report and Financial Statements

31 August 2014

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COMPANIES HOUSE

Directors

J H Brown (Chairman)
J S Brown (Managing Director)
R M Brown
D H Brown
R E Philpott
A Miller
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

Strategic report

The directors present their strategic report for the 52 weeks ended 31 August 2014.

Principal activities and review of the business

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

The group profit for the period after taxation amounted to £982,710 (52 weeks ended 1 September 2013 – profit of £4,965,072).

The group has had another challenging period in the civil engineering and remediation sector with turnover being lower than our goal. Control of costs in our contracting activities continues to be of key importance and strong management and an excellent reporting and control environment remain essential.

The group continues to engage in property development and has made continued good progress in promoting sites through the planning system and preparing sites for development. Projects in Fife, East Lothian and Falkirk have progressed and we are pleased to see the housing market showing further recovery.

Our energy developments have made progress. We currently await a decision from The Scottish Government in respect of our North Calliachar planning appeal.

The property business, Breckenridge Estates Ltd, continues to trade profitably with two further properties being added to the portfolio.

The directors are satisfied with the results of the period and are focused on ensuring the civil engineering division maintains profitability. The present order book is markedly higher than last year which gives us confidence going forward through 2015.

The group's working capital position is satisfactory and we continue to have modest debt.

In conclusion, we expect our market place to continue to be challenging but with a higher volume of work, we expect margins to improve and good opportunities to arise.

Principal risks and uncertainties

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 uses interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements.

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.

Principal risks and uncertainties (continued)

Foreign currency risk

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

On behalf of the Board



J S Brown
Director

19 January 2015

Registered No. SC 040891

Directors' report

The directors present their report for the 52 weeks ended 31 August 2014.

Directors

The directors who served the company during the period were as follows:

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

Dividends

The directors do not recommend a final ordinary dividend (52 weeks ended 1 September 2013 – £519,840).

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.

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.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



J S Brown
Director

19 January 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report (incorporating the Strategic Report and the Directors' 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).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and 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.

Independent auditors' report

to the members of I & H Brown Limited

We have audited the financial statements of I & H Brown Limited for the 52 weeks ended 31 August 2014 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 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 and express an opinion on 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 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 group's and the parent undertaking'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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 31 August 2014 and of the group's profit for the period 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 Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

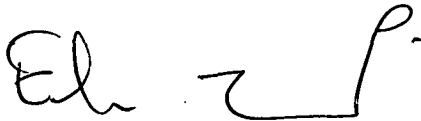
Independent auditors' report

to the members of I & H Brown Limited

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 by the parent undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent undertaking 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 on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

19 January 2015

Group profit and loss account

for the period ended 31 August 2014

		52 weeks ended 31 August 2014	52 weeks ended 1 September 2013
	Notes	£	£
Turnover	2	34,216,749	31,512,709
Cost of sales		<u>(31,428,102)</u>	<u>(29,694,378)</u>
Gross profit		2,788,647	1,818,331
Administrative expenses		(1,743,821)	(1,854,736)
Other operating income	3	<u>157,437</u>	<u>453,226</u>
Operating profit	3	1,202,263	416,821
Profit on sale of land and buildings		41,568	5,448,925
Income from investments		<u>4,415</u>	<u>2,773</u>
Profit before interest and tax		1,248,246	5,868,519
Interest receivable and similar income		4,759	61,198
Interest payable and similar charges	6	<u>(74,654)</u>	<u>(26,061)</u>
Profit on ordinary activities before taxation		1,178,351	5,903,656
Tax on profit on ordinary activities	7	<u>(195,641)</u>	<u>(938,584)</u>
Profit for the financial period	18	<u><u>982,710</u></u>	<u><u>4,965,072</u></u>

All amounts relate to continuing activities.

Group statement of total recognised gains and losses

for the period ended 31 August 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £982,710 and the revaluation surplus on investment properties of £425,000 in the 52 weeks ended 31 August 2014 (52 weeks ended 1 September 2013 – profit of £4,965,072).

Group balance sheet

at 31 August 2014

		31 August 2014	1 September 2013
	Notes	£	£
Fixed assets			
Tangible assets	8	31,122,646	28,501,336
Current assets			
Stocks	10	14,563,864	14,454,922
Debtors	11	12,079,857	9,854,801
Investments	9	154,251	154,251
Cash at bank and in hand	19(b)	1,328,155	2,248,988
		<u>28,126,127</u>	<u>26,712,962</u>
Creditors: amounts falling due within one year	12	<u>15,845,209</u>	<u>13,303,676</u>
Net current assets		<u>12,280,918</u>	<u>13,409,286</u>
Total assets less current liabilities		<u>43,403,564</u>	<u>41,910,622</u>
Creditors: amounts falling due after more than one year	13	<u>2,814,082</u>	<u>2,700,000</u>
Provisions for liabilities	16	<u>1,904,782</u>	<u>1,933,632</u>
		<u>4,718,864</u>	<u>4,633,632</u>
Net assets		<u>38,684,700</u>	<u>37,276,990</u>
Capital and reserves			
Called up share capital	17	72,200	72,200
Share premium account	18	147,349	147,349
Revaluation reserve	18	4,312,580	3,887,580
Capital reserve on consolidation	18	35,937	35,937
Profit and loss account	18	34,116,634	33,133,924
Shareholders' funds	18	<u>38,684,700</u>	<u>37,276,990</u>

These financial statements were approved by the Board of Directors on 19 January 2015 and signed on their behalf by:



J S Brown
Director

Company balance sheet

at 31 August 2014

	Notes	31 August 2014 £	1 September 2013 £
Fixed assets			
Tangible assets	8	22,012,117	21,427,734
Investments	9	1,472,544	1,472,544
		<u>23,484,661</u>	<u>22,900,278</u>
Current assets			
Stocks	10	10,876,799	10,726,809
Debtors	11	23,171,529	16,718,170
Investments	9	154,251	154,251
Cash at bank and in hand		<u>1,192,320</u>	<u>2,106,028</u>
		35,394,899	29,705,258
Creditors: amounts falling due within one year	12	15,957,885	13,406,010
Net current assets		<u>19,437,014</u>	<u>16,299,248</u>
Total assets less current liabilities		<u>42,921,675</u>	<u>39,199,526</u>
Creditors: amounts falling due after more than one year	13	2,814,082	–
Provisions for liabilities	16	1,904,782	1,933,632
		<u>4,718,864</u>	<u>1,933,632</u>
Net assets		<u>38,202,811</u>	<u>37,265,894</u>
Capital and reserves			
Called up share capital	17	72,200	72,200
Share premium account	18	147,349	147,349
Revaluation reserve	18	3,887,580	3,887,580
Capital redemption reserve	18	2,000	2,000
Profit and loss account	18	34,093,682	33,156,765
Shareholders' funds	18	<u>38,202,811</u>	<u>37,265,894</u>

These financial statements were approved by the Board of Directors on **19** January 2015 and signed on their behalf by:



J S Brown
Director

Group statement of cash flows

for the period ended 31 August 2014

		52 weeks ended 31 August 2014	52 weeks ended 1 September 2013
	Notes	£	£
Net cash inflow from operating activities	19(a)	2,718,990	1,481,325
Returns on investments and servicing of finance			
Interest paid		(59,156)	(18,057)
Interest element of finance lease rental payments		(2,662)	(8,004)
Interest received		30,427	35,530
Income from investments		4,415	2,773
Net cash outflow from returns on investments and servicing of finance		(26,976)	12,242
Taxation			
Corporation tax paid		(446,032)	(600,029)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets and unlisted investments		(2,657,932)	(2,347,877)
Receipts from sales of tangible fixed assets		222,041	6,905,774
Net cash (outflow)/inflow from capital expenditure		(2,435,891)	4,557,897
Acquisitions and disposals			
Payments to acquire subsidiary undertaking		–	(1,322,243)
Net cash acquired on purchase of subsidiary undertaking		–	406,221
Net cash outflow from acquisitions and disposals		–	(916,022)
Equity dividends paid		(519,840)	(519,840)
Financing			
Repayments of capital element of finance lease rentals	19(b)	(211,084)	(280,867)
Net movement in long-term borrowings	19(b)	–	(1,630,000)
Net cash outflow from financing		(211,084)	(1,910,867)
(Decrease)/increase in cash	19(b)	(920,833)	2,104,706

Reconciliation of net cash flow to movement in net debt

	<i>52 weeks ended 31 August 2014</i>	<i>52 weeks ended 1 September 2013</i>
<i>Note</i>	<i>£</i>	<i>£</i>
<i>(Decrease)/increase in cash in the period</i>	(920,833)	2,104,706
Cash outflow from movement in debt and lease financing	211,084	1,910,867
Change in net debt resulting from cash flows	(709,749)	4,015,573
New finance leases and hire purchase contracts	(942,331)	–
Loans acquired with subsidiary undertaking	–	(4,330,000)
Movement in net debt in the period	(1,652,080)	(314,427)
<i>Net debt at 2 September</i>	(549,284)	(234,857)
<i>Net debt at 31 August</i>	19(b) (2,201,364)	(549,284)

Notes to the financial statements

at 31 August 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and 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 52 weeks period from 1 September 2013 to 31 August 2014. 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.

Group financial statements

The group financial statements group the financial statements of the company and its subsidiary undertakings for the period ended 31 August 2014. The company has taken advantage of the exemption conferred by section 408 of the Companies Act 2006 and has presented no profit and loss account. The company's profit for the period attributable to the shareholders is £936,917 (52 weeks ended 1 September 2013 – £4,953,676).

Investments 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 period 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.

Goodwill

Goodwill arising on consolidation is the difference between the fair value of the consideration paid and the fair value of the net assets acquired. Due to the immateriality of the amount involved in 2013, it has been amortised in full to the profit and loss account.

Notes to the financial statements

at 31 August 2014

1. Accounting policies (continued)

Tangible fixed assets

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.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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 and finished goods	–	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 any further costs expected to be incurred to completion and disposal.

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 period 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.

Notes to the financial statements

at 31 August 2014

1. Accounting policies (continued)

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 right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the 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.

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.

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.

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.

Derivative instruments

Interest differentials are recognised by accruing the net interest payable. Interest rate swaps are not revalued to fair value or shown on the group balance sheet at the period end. If they are terminated early, the gain/loss is spread over the remaining maturity of the original instrument.

Notes to the financial statements

at 31 August 2014

2. Turnover

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, after appropriate measurement provisions, in the period. 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:

	<i>52 weeks ended 31 August 2014 £</i>	<i>52 weeks ended 1 September 2013 £</i>
Plant hire, civil engineering and waste disposal	32,586,090	29,781,549
Energy	–	333,859
Farming and estate management	964,545	937,425
Rental income from investment property	660,614	458,786
Property development	5,500	1,090
	<u>34,216,749</u>	<u>31,512,709</u>

3. Operating profit

This is stated after charging/(crediting):

	<i>52 weeks ended 31 August 2014 £</i>	<i>52 weeks ended 1 September 2013 £</i>
Auditors' remuneration – audit	37,250	36,300
– non-audit (taxation advisory)	5,200	6,725
– non-audit (taxation compliance)	19,560	19,075
Depreciation of owned tangible fixed assets	1,206,510	1,229,217
Depreciation of assets held under finance leases and hire purchase contracts	81,368	69,840
Amortisation	–	6,580
Profit on disposal of plant and machinery	(104,640)	(413,818)
Sundry income	(52,797)	(39,408)
Operating lease rentals – plant and machinery	61,973	61,058
– land and buildings	25,250	29,040

Notes to the financial statements

at 31 August 2014

4. Directors' remuneration

	<i>52 weeks ended 31 August 2014 £</i>	<i>52 weeks ended 1 September 2013 £</i>
Remuneration	756,689	817,633
Contributions paid to money purchase schemes	70,836	65,143

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

	<i>52 weeks ended 31 August 2014 £</i>	<i>52 weeks ended 1 September 2013 £</i>
Remuneration	186,020	217,756
Company contributions paid to money purchase pension schemes	13,569	–

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

	<i>No.</i>	<i>No.</i>
Money purchase schemes	4	3

5. Staff costs

	<i>52 weeks ended 31 August 2014 £</i>	<i>52 weeks ended 1 September 2013 £</i>
Wages and salaries	7,130,563	6,531,578
Social security costs	784,444	706,368
Other pension costs	233,249	266,366
	<u>8,148,256</u>	<u>7,504,312</u>

The average monthly number of employees during the period was made up as follows:

	<i>No.</i>	<i>No.</i>
Management and administration	80	65
Drivers and operators	79	84
	<u>159</u>	<u>149</u>

Notes to the financial statements

at 31 August 2014

6. Interest payable and similar charges

	<i>52 weeks ended 31 August 2014</i>	<i>52 weeks ended 1 September 2013</i>
	£	£
Bank interest	8,277	18,057
Finance charges payable under finance leases and hire purchase contracts	2,662	8,004
Loan interest	63,715	—
	<u>74,654</u>	<u>26,061</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>52 weeks ended 31 August 2014</i>	<i>52 weeks ended 1 September 2013</i>
	£	£
Current tax:		
UK corporation tax on the profit for the period	162,799	988,031
Adjustments in respect of previous periods	(64,227)	1,377
Total current tax (note 7(b))	<u>98,572</u>	<u>989,408</u>
Deferred tax:		
Origination and reversal of timing differences	97,069	(44,243)
Effects of change in rate of tax	-	(6,581)
Total deferred tax (note 7(c))	<u>97,069</u>	<u>(50,824)</u>
Tax on profit on ordinary activities	<u>195,641</u>	<u>938,584</u>

Notes to the financial statements

at 31 August 2014

7. Tax (continued)

(b) Factors affecting the current tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 22.2% (52 weeks ended 1 September 2013 – 23.6%). The differences are explained below:

	52 weeks ended 31 August 2014 £	52 weeks ended 1 September 2013 £
Profit on ordinary activities before tax	1,178,351	5,903,656
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.2% (52 weeks ended 1 September 2013 – 23.6%)	261,594	1,393,263
<i>Effects of:</i>		
Accelerated capital allowances	(33,275)	(50,755)
Expenses not deductible	27,164	-
Capital gains	-	814,043
Non-taxable income (net)	-	(1,269,574)
Other timing differences	(68,769)	101,853
Adjustments in respect of previous periods	(64,227)	1,377
Others	(23,915)	(799)
Current tax for the period (note 7(a))	98,572	989,408

(c) Deferred tax

<i>Group and company</i>	£
At 2 September 2013 (note 16)	570
Charge during the period (note 7(a))	97,069
At 31 August 2014 (note 16)	97,639

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

	31 August 2014 £	1 September 2013 £
Capital allowances in advance of depreciation	196,189	162,305
Short-term timing differences	(98,550)	(161,635)
Deferred tax liability	97,639	570

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.

(d) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and then to 20% (effective from 1 April 2015) were enacted in July 2013.

Notes to the financial statements

at 31 August 2014

8. Tangible fixed assets

<i>Group</i>	<i>Freehold investment property £</i>	<i>Freehold land and buildings £</i>	<i>Motor vehicles £</i>	<i>Plant and machinery £</i>	<i>Total £</i>
Cost or valuation:					
At 2 September 2013	17,759,204	7,407,456	1,826,613	12,321,423	39,314,696
Additions	1,606,755	79,700	301,579	1,612,229	3,600,263
Transfers from current assets	–	98,000	–	–	98,000
Revaluation	425,000	–	–	–	425,000
Transfers to current assets	–	(138,242)	–	–	(138,242)
Disposals	–	–	(195,849)	(719,302)	(915,151)
At 31 August 2014	19,790,959	7,446,914	1,932,343	13,214,350	42,384,566
Depreciation:					
At 2 September 2013	–	1,077,870	1,191,769	8,543,721	10,813,360
Provided during the period	–	6,813	242,741	1,038,324	1,287,878
Disposals	–	–	(183,665)	(655,653)	(839,318)
At 31 August 2014	–	1,084,683	1,250,845	8,926,392	11,261,920
Net book value:					
At 31 August 2014	19,790,959	6,362,231	681,498	4,287,958	31,122,646
At 2 September 2013	17,759,204	6,329,586	634,844	3,777,702	28,501,336

<i>Company</i>	<i>Freehold investment property £</i>	<i>Freehold land and buildings £</i>	<i>Motor vehicles £</i>	<i>Plant and machinery £</i>	<i>Total £</i>
Cost or valuation:					
At 2 September 2013	10,709,204	7,407,456	1,826,613	12,296,795	32,240,068
Additions	–	79,700	301,579	1,591,134	1,972,413
Transfer from current assets	–	98,000	–	–	98,000
Transfer to current assets	–	(138,242)	–	–	(138,242)
Disposals	–	–	(195,849)	(719,302)	(915,151)
At 31 August 2014	10,709,204	7,446,914	1,932,343	13,168,627	33,257,088
Depreciation:					
At 2 September 2013	–	1,077,870	1,191,769	8,542,695	10,812,334
Provided during the period	–	6,813	242,741	1,022,401	1,271,955
Disposals	–	–	(183,665)	(655,653)	(839,318)
At 31 August 2014	–	1,084,683	1,250,845	8,909,443	11,244,971
Net book value:					
At 31 August 2014	10,709,204	6,362,231	681,498	4,259,184	22,012,117
At 2 September 2013	10,709,204	6,329,586	634,844	3,754,100	21,427,734

The net book value of plant and machinery and motor vehicles above includes an amount of £1,255,353 (1 September 2013 – £314,131) in respect of assets held under finance leases and hire purchase contracts.

Notes to the financial statements

at 31 August 2014

8. Tangible fixed assets (continued)

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 periods.

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

	<i>Group</i>	<i>Company</i>
	£	£
Cost:		
At 2 September 2013 and 31 August 2014	<u>8,688,519</u>	<u>8,688,519</u>

Investment properties have been valued by the directors at 31 August 2014.

The historical cost of investment properties included at valuation is as follows:

	<i>Group</i>	<i>Company</i>
	£	£
Cost:		
At 31 August 2014	<u>16,164,524</u>	<u>7,507,769</u>
At 1 September 2013	<u>14,557,769</u>	<u>7,507,769</u>

9. Investments

Company

(a) Fixed asset investments:

	<i>Subsidiary undertakings</i>
	£
Cost:	
At 2 September 2013 and 31 August 2014	<u>1,472,544</u>
Amounts provided for:	
At 2 September 2013 and 31 August 2014	<u>1,472,544</u>
Adjustment	
At 31 August 2014	<u>1,472,544</u>
At 2 September 2013	<u>1,472,544</u>

Notes to the financial statements

at 31 August 2014

9. Investments (continued)

Company (continued)

(a) Fixed asset investments (continued):

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:

<i>Name of company</i>	<i>Country of incorporation or registration</i>	<i>Nature of business</i>	<i>Proportion of ordinary shares held</i>
I & H Brown Travel Limited	Scotland	Dormant	100%
Tighmor Developments Limited	Scotland	Dormant	100%
I & H Brown PDF Limited	Scotland	Land Developer	100%
I & H Brown BWC Limited	Scotland	Wind-farm Developer	100%
I & H Brown NC Limited	Scotland	Wind-farm Developer	100%
Breckenridge Estates Limited	England	Holding Company	100%
Breckenridge Estates Rental Limited *	England	Investment Property	100%

* held by a subsidiary undertaking

(b) Current asset investments:

<i>Group and company</i>	<i>Listed on the London stock exchange £</i>	<i>Unlisted £</i>	<i>Total £</i>
Cost:			
At 2 September 2013	95,728	58,523	154,251
Additions	—	—	—
Disposals	—	—	—
At 31 August 2014	95,728	58,523	154,251
Amounts provided for/written off:			
At 2 September 2013	—	—	—
Charge in period	—	—	—
At 31 August 2014	—	—	—
Net book value:			
At 31 August 2014	95,728	58,523	154,251
At 2 September 2013	95,728	58,523	154,251

The market value of listed investments at 31 August 2014 was £173,900 (1 September 2013 – £138,750). Listed investments comprise ordinary shares in Impax Group plc.

Notes to the financial statements

at 31 August 2014

10. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>31 August</i>	<i>1 September</i>	<i>31 August</i>	<i>1 September</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	£	£	£	£
Development land in progress	14,154,692	13,949,766	10,467,627	10,221,653
Spares and fuels	97,617	112,114	97,617	112,114
Farm stock	311,555	393,042	311,555	393,042
	<u>14,563,864</u>	<u>14,454,922</u>	<u>10,876,799</u>	<u>10,726,809</u>

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

11. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>31 August</i>	<i>1 September</i>	<i>31 August</i>	<i>1 September</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	£	£	£	£
Trade debtors and amounts recoverable on contracts	11,041,662	9,172,276	11,040,155	9,172,036
Due from related companies (note 24)	17,571	9,691	17,571	9,691
Due from subsidiary undertakings	–	–	11,147,936	6,982,512
Other debtors	612,550	646,540	560,447	553,931
Prepayments	408,074	26,294	405,420	–
	<u>12,079,857</u>	<u>9,854,801</u>	<u>23,171,529</u>	<u>16,718,170</u>

Retentions of £1,181,619 (1 September 2013 – £669,837) are included above which are due in more than one period.

12. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>31 August</i>	<i>1 September</i>	<i>31 August</i>	<i>1 September</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	£	£	£	£
Bank loans (note 14)	340,000	–	340,000	–
Trade creditors	5,705,913	4,559,408	5,705,913	4,558,804
Other taxes and social security costs	942,363	864,943	942,363	864,839
Accruals and deferred income	8,171,190	6,646,705	8,133,665	6,605,130
Other creditors	108,195	64,937	108,195	64,937
Corporation tax	106,383	453,843	106,383	448,259
Obligations under finance leases and hire purchase agreements (note 15)	471,165	194,000	471,165	194,000
Amounts owed to subsidiary undertakings	–	–	150,201	150,201
Proposed dividend	–	519,840	–	519,840
	<u>15,845,209</u>	<u>13,303,676</u>	<u>15,957,885</u>	<u>13,406,010</u>

Notes to the financial statements

at 31 August 2014

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

	<i>Group</i>		<i>Company</i>	
	<i>31 August</i>	<i>1 September</i>	<i>31 August</i>	<i>1 September</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Obligations under finance leases and hire purchase agreements (note 15)	454,082	–	454,082	–
Bank loans (note 14)	2,360,000	2,700,000	2,360,000	–
	<u>2,814,082</u>	<u>12,960,998</u>	<u>2,814,082</u>	<u>–</u>

14. Loans

	<i>Group</i>		<i>Company</i>	
	<i>31 August</i>	<i>1 September</i>	<i>31 August</i>	<i>1 September</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amounts falling due:				
Within one year or on demand	340,000	–	340,000	–
In two to five years	2,360,000	2,700,000	2,360,000	–
	<u>2,700,000</u>	<u>2,700,000</u>	<u>2,700,000</u>	<u>–</u>
Less: included in creditors: amounts falling due within one year (note 12)	(340,000)	–	(340,000)	–
	<u>2,360,000</u>	<u>2,700,000</u>	<u>2,360,000</u>	<u>–</u>

The loan is secured against certain freehold investment properties and is repayable within five years.

15. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

<i>Group and company</i>	<i>31 August</i>	<i>1 September</i>
	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>
Amount payable:		
Within one year (note 12)	471,165	194,000
In two to five years (note 13)	454,082	–
	<u>925,247</u>	<u>194,000</u>
Less: finance charges allocated to future periods	–	–
	<u>925,247</u>	<u>194,000</u>

Notes to the financial statements

at 31 August 2014

15. Obligations under finance leases and hire purchase contracts (continued)

Finance leases and hire purchase contracts are analysed as follows:

	31 August 2014	1 September 2013
	£	£
Current obligations (note 12)	471,165	194,000
Non-current obligations (note 13)	454,082	–
	<u>925,247</u>	<u>194,000</u>

The finance lease and hire purchase contracts at 31 August 2014 attract variable interest which is payable separately on the balance of capital outstanding. As such, the amounts payable at 31 August 2014 do not include a liability for finance charges.

16. Provisions for liabilities

	Group		Company	
	31 August 2014	1 September 2013	31 August 2014	1 September 2013
	£	£	£	£
Deferred taxation (note 7(c))	97,639	570	97,639	570
Restoration and aftercare provisions	1,807,143	1,933,062	1,807,143	1,933,062
	<u>1,904,782</u>	<u>1,933,632</u>	<u>1,904,782</u>	<u>1,933,632</u>

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 period in provisions for liabilities and charges can be summarised as follows:

	Group £	Company £
At 2 September 2013	1,933,632	1,933,632
Increase in deferred tax liability	97,069	97,069
Decrease in restoration and aftercare provisions	(125,919)	(125,919)
At 31 August 2014	<u>1,904,782</u>	<u>1,904,782</u>

17. Issued share capital

	31 August 2014		1 September 2013	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	72,200	<u>72,200</u>	72,200	<u>72,200</u>

Notes to the financial statements

at 31 August 2014

18. Reconciliation of shareholders' funds and movements on reserves

<i>Group</i>	<i>Share capital</i>	<i>Share premium account</i>	<i>Revaluation reserve</i>	<i>Capital reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£	£	£
At 3 September 2012	72,200	147,349	3,148,188	35,937	29,143,724	32,547,398
Revaluation	–	–	804,200	–	–	804,200
Realised revaluation surplus on disposal of freehold land and buildings	–	–	(64,808)	–	64,808	–
Profit retained for the period	–	–	–	–	4,965,072	4,965,072
Dividends	–	–	–	–	(1,039,680)	(1,039,680)
At 2 September 2013	72,200	147,349	3,887,580	35,937	33,133,924	37,276,990
Revaluation of freehold investment property	–	–	425,000	–	–	425,000
Profit retained for the period	–	–	–	–	982,710	982,710
At 31 August 2014	72,200	147,349	4,312,580	35,937	34,116,634	38,684,700

<i>Company</i>	<i>Share capital</i>	<i>Share premium account</i>	<i>Revaluation reserve</i>	<i>Capital reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£	£	£
At 3 September 2012	72,200	147,349	3,148,188	2,000	29,177,961	32,547,698
Revaluation	–	–	804,200	–	–	804,200
Realised revaluation surplus in disposal of freehold land and buildings	–	–	(64,808)	–	64,808	–
Profit retained for the period	–	–	–	–	4,953,676	4,953,676
Dividend	–	–	–	–	(1,039,680)	(1,039,680)
At 2 September 2013	72,200	147,349	3,887,580	2,000	33,156,765	37,265,894
Profit retained for the period	–	–	–	–	936,917	936,917
At 31 August 2014	72,200	147,349	3,887,580	2,000	34,093,682	38,202,811

The revaluation reserve includes £3,136,427 (2013 – £3,136,427) in relation to freehold investment property.

Notes to the financial statements

at 31 August 2014

19. Notes to the statement of cash flows

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

	31 August 2014	1 September 2013
	£	£
Operating profit	1,202,263	416,821
Depreciation	1,287,878	1,299,057
Amortisation	–	6,580
Profit on disposal of tangible fixed assets	(104,640)	(413,818)
(Increase)/decrease in debtors	(2,250,724)	1,673,789
Increase in stocks and work in progress	(68,700)	(659,775)
Increase/(decrease) in creditors	2,778,832	(617,617)
Decrease in provisions	(125,919)	(223,712)
Net cash inflow from operating activities	<u>2,718,990</u>	<u>1,481,325</u>

(b) Analysis of net debt

Group	At 2 September 2013	Cash flow	Non cash- flow	At 31 August 2014
	£	£	£	£
Cash	2,248,988	(920,833)	–	1,328,155
Bank overdraft (note 12)	–	–	–	–
	<u>2,248,988</u>	<u>(920,833)</u>	<u>–</u>	<u>1,328,155</u>
Liquid resources (note 9(b))	95,728	–	–	95,728
Finance lease obligations (note 15)	(194,000)	211,084	(942,331)	(925,247)
Loans (note 14)	<u>(2,700,000)</u>	<u>–</u>	<u>–</u>	<u>(2,700,000)</u>
Total	<u>(549,284)</u>	<u>(709,749)</u>	<u>(942,331)</u>	<u>(2,201,364)</u>

20. Capital commitments

At 31 August 2014 the directors had authorised and contracted for future capital expenditure of £nil (1 September 2013 – £nil).

21. Pensions

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 period end, included in accruals are £41,742 (1 September 2013 – £22,147).

Notes to the financial statements

at 31 August 2014

22. Other financial commitments

At 31 August 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	31 August 2014		1 September 2013	
	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>
	£	£	£	£
Operating leases which expire:				
Within one year	—	—	—	—
In two to five years	25,250	101,053	25,250	79,444

23. Contingent liabilities

- 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.
- At the period end, the company's bankers provided, with recourse to the company, guarantees under performance bonds amounting to £395,456 (2013 – £335,456).
- At the period end, the company's insurers provided, with recourse to the company, guarantees under performance bonds amounting to £4,685,951 (2013 – £2,561,618).

24. Related party transactions

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

An amount of £9,691 (1 September 2013 – £9,691) was due from Ian Brown and Sons, a company connected to D H Brown and R M Brown by virtue of a close family relationship and an amount of £7,880 (2013 – £nil) was due from Fordoun Estates Limited, a company under common control.

During the period £83,482 (2013 – £89,238) of rental payments were made to the directors FURBS trusts.

25. Ultimate parent undertaking and controlling party

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