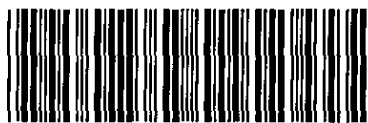


Buccleuch Natural Fuels Limited
Financial statements
For the year ended 31 October 2009



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COMPANIES HOUSE

Company No. SC242894

Officers and professional advisers

Company registration number	SC242894
Registered office	Head Office Weatherhouse Bowhill SELKIRK TD7 5ES
Directors	J A Maclean A G Wiseman
Secretary	M J McGrath
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square EDINBURGH EH2 2YB
Solicitors	Anderson Strathern LLP 1 Rutland Court EDINBURGH EH3 8EY
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1-4 Atholl Crescent EDINBURGH EH3 8LQ

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 October 2009.

Principal activities

The principle activity of the company during the year was in the trading of woodchips, for use as an energy source.

Directors

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

D C Gwyther (Resigned 18 December 2009)
J A Maclean
A G Wiseman

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 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;
- 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

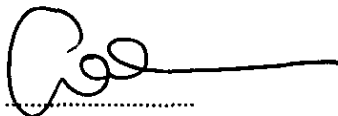
Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

ON BEHALF OF THE BOARD

J A Maclean
Director



28 June 2010



Report of the independent auditor to the members of Buccleuch Natural Fuels Limited

We have audited the financial statements of Buccleuch Natural Fuels Limited for the year ended 31 October 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 page 3, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

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 31 October 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Report of the independent auditor to the members of Buccleuch Natural Fuels Limited (continued)

Opinion on other matters 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

29 June 2010

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements have been prepared on the going concern basis, which assumes that the company will have sufficient working capital facilities to enable it to continue in business for the foreseeable future.

Turnover

The turnover in the profit and loss account represents amounts earned during the year from sales of woodchips.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 5 years
I.T. Equipment (included within Plant & Machinery) - 3 years.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Accounting policies (continued)

Deferred taxation

Deferred tax 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 exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2009 £	2008 £
Turnover		539,783	338,594
Cost of sales		(504,301)	(375,969)
Gross profit/(loss)		<u>35,482</u>	<u>(37,375)</u>
Other operating charges	2	(93,605)	(99,042)
Operating loss	3	<u>(58,123)</u>	<u>(136,417)</u>
Interest payable and similar charges		(8,313)	(6,498)
Loss on ordinary activities before taxation		<u>(66,436)</u>	<u>(142,915)</u>
Tax on loss on ordinary activities	4	-	-
Loss for the financial year	14	<u>(66,436)</u>	<u>(142,915)</u>

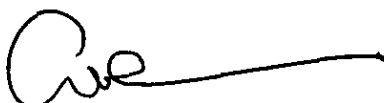
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	6	2,375	12,815
Current assets			
Stocks	7	32,194	23,023
Debtors	8	83,800	54,211
		<u>115,994</u>	<u>77,234</u>
Creditors: amounts falling due within one year	9	<u>(356,399)</u>	<u>(249,170)</u>
Net current liabilities		<u>(240,405)</u>	<u>(171,936)</u>
Total assets less current liabilities		<u>(238,030)</u>	<u>(159,121)</u>
Creditors: amounts falling due after more than one year	10	-	(12,473)
		<u>(238,030)</u>	<u>(171,594)</u>
Capital and reserves			
Called-up equity share capital	13	100,000	100,000
Profit and loss account	14	<u>(338,030)</u>	<u>(271,594)</u>
Shareholders' deficit		<u>(238,030)</u>	<u>(171,594)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors on 28/6/10 and are signed on their behalf by:



J A Maclean
Director

Notes to the financial statements

1 Going concern

The future operation of the company is dependent on the continuing support of The Buccleuch Estates Limited, the ultimate parent undertaking. The directors have received assurances from the ultimate parent undertaking that its support will not be withdrawn in the short term and will continue for at least 12 months from the date of the approval of these financial statements and therefore they have been prepared on a going concern basis.

2 Other operating charges

	2009 £	2008 £
Administrative expenses	<u>93,605</u>	<u>99,042</u>

3 Operating loss

Operating loss is stated after charging:

	2009 £	2008 £
Auditor's fees	<u>2,100</u>	<u>2,000</u>

4 Taxation on ordinary activities

Taxable losses arising in the year have been carried forward for offset against future taxable profits of the company.

5 Particulars of employees

The company has no employees and neither the directors nor the secretary received any remuneration from the company in the period.

The ultimate parent undertaking, The Buccleuch Estates Limited, makes a charge for the services of its personnel and the charge for the year was £7,059 (2008 - £15,297).

The directors are employees of the holding company, The Buccleuch Estates Limited, and are also directors of other group subsidiaries. Emoluments are paid by The Buccleuch Estates Limited and it is not practicable to allocate emoluments between their services as executives of The Buccleuch Estates Limited and their services as directors of this company and other subsidiaries.

Two directors (2008 - two) are accruing benefits under a defined contribution scheme in respect of their services to the group companies and one director (2008 - one) is accruing benefits under a defined benefits scheme.

Notes to the financial statements (continued)

6 Tangible fixed assets

	Plant & Machinery	Total
Cost		
At 1 November 2008	23,257	23,257
At 31 October 2009	<u>23,257</u>	<u>23,257</u>
Depreciation		
At 1 November 2008	10,442	10,442
Charge for the year	10,440	10,440
At 31 October 2009	<u>20,882</u>	<u>20,882</u>
Net book value		
At 31 October 2009	<u>2,375</u>	<u>2,375</u>
At 31 October 2008	<u>12,815</u>	<u>12,815</u>

The net book value of £2,375 relates to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year relates to these assets.

7 Stocks

	2009 £	2008 £
Timber	<u>32,194</u>	<u>23,023</u>

8 Debtors

	2009 £	2008 £
Trade debtors	29,862	13,459
Amounts owed by group undertakings	37,365	39,799
Other debtors	16,573	953
	<u>83,800</u>	<u>54,211</u>

Notes to the financial statements (continued)

9 Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank overdraft	255,374	200,193
Trade creditors	29,862	28,425
Amounts owed to group undertakings	3,180	8,841
Amounts due under finance leases & hire purchase agreements	12,473	8,477
Other creditors	55,510	3,234
	<u>356,399</u>	<u>249,170</u>

10 Creditors: amounts falling due after more than one year

	2009	2007
	£	£
Amounts due under finance leases and hire purchase agreements	<u>-</u>	<u>12,473</u>

11 Contingent liability

The directors have signed an unlimited inter company guarantee in favour of the group's bankers in respect of the group's global overdraft facility.

12 Related party transactions

Related party transactions with other group undertakings are excluded from the consolidated financial statements of The Buccleuch Estates Limited and are therefore exempt from disclosure in these financial statements.

13 Share capital

Authorised share capital:

	2009	2008
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	No	2009	No	2008
		£		£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Notes to the financial statements (continued)

14 Profit and loss account

	2009 £	2008 £
Balance brought forward	(271,594)	(128,679)
Loss for the financial year	(66,436)	(142,915)
Balance carried forward	<u>(338,030)</u>	<u>(271,594)</u>

15 Ultimate parent company

The company's immediate parent undertaking is Buccleuch Woodlands Enterprises Limited, a company registered in Scotland, and the ultimate parent undertaking and controlling entity is The Buccleuch Estates Limited, a company registered in Scotland.