

Parkburn Limited

Report and Financial Statements for the 52 weeks ended 25 March 2006



Registered in Scotland SC133821

Parkburn Limited

Directors' Report for the 52 weeks ended 25 March 2006

The Directors present their report and the audited financial statements for the 52 weeks ended 25 March 2006

Principal activities

The principal activities of the Group are the production and sale of coal. There have been no changes in the principal activities during the year.

Review of business and future developments

Coal production for the financial year at 3.8 million tonnes (mt) was 0.3mt less than in 2005, and was 0.4mt below budget. Due to the adverse impact of i) legacy sales price contracts, ii) continued increases in the cost of gas oil (including further increases in duty) and iii) specific issues related to geology on certain of our sites, a decision was taken in the latter half of the financial year to reduce production, through revised mining plans. As a direct consequence of this, the decision was taken to mothball operations at our Spireslack site.

Due to the fixed price nature of many of our legacy sales contracts, the Company has been unable to benefit directly from increases in world coal prices in recent years. In the closing months of the financial year the Company commenced re-negotiation of the sales contracts with its customers, both with a view to re-basing the contracts as well as introducing appropriate tracking and indexation mechanisms in those revised contractual arrangements. This process has now been largely concluded.

The Directors are satisfied that the Company and its parent undertaking have adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

Results and dividends

The consolidated profit and loss account for the 52 weeks is set out on page 6. Continuing operations produced a profit before tax on ordinary activities for the year of £1,454,000 (restated 2005 loss £3,104,000) on sales of £148,852,000 (2005 £118,729,000).

Financial risk management

As part of its business operations, the Company is exposed to risks arising from fluctuations in interest rates, gas oil prices, exchange rates and coal prices. The Company's policy is not to trade in derivative financial instruments (derivatives) but to use derivatives to manage exposures of this type.

The Group's exposure to interest rate risk arising from the floating rate term loan facility has been hedged through the use of a combination of interest rate swap and fixed LIBOR rates. The Group's exposure to fluctuations in the gas oil price has been hedged through use of a UK sterling gas oil index swap. The Group's foreign exchange exposure is managed through the use of foreign currency UK bank accounts and where the Group has sales arrangements that are linked to international coal prices these are hedged through the use of a UK sterling coal forward swap.

Parkburn Limited

Directors' Report for the 52 weeks ended 25 March 2006

Directors and their interests

The Directors who served during the financial year were as follows

Colin Cornes
Patrick Smyth

The Directors who served during the financial year and their interests in the shares of the Company at the end of the period were

	2006 No	2005 No
"A" Ordinary shares of £1 each		
Colin Cornes	2,500,001 ⁽¹⁾	2,500,001 ⁽¹⁾
Colin Cornes	1 ⁽²⁾	1 ⁽²⁾
"B" Ordinary shares of 1p each		
Patrick Smyth	101,728 ⁽³⁾	101,728 ⁽³⁾

(1) Held in the Colin Cornes No 3 Personal Settlement Trust

(2) Held by Parkhill Estates Limited

(3) Shares held by DHP Trustee Company Limited under a nominee agreement

Employees

It is the policy of the Group to consult on and discuss with employees matters likely to affect their interests and to improve communications with all employees across the Group. This is being achieved through corporate presentations to both unions and employees. Progress is being reviewed on a regular basis with the intention of enhancing the quality of information.

The Group continues to encourage and develop every employee to realise their full potential with equal opportunity for all.

It is also the policy of the Group to give full consideration to suitable applicants for the employment of disabled persons and for employees who become disabled to continue in their employment by retraining for suitable alternative positions within the Group.

Charitable donations and political contributions

The contributions made by the Group during the financial year for charitable purposes were £24,347 (2005 £42,837). There were no donations to political parties (2005 nil).

Community involvement

The Directors recognise that the Group is part of and has responsibilities to the communities in which it is working and continues to support those communities, not only in terms of jobs and wealth creation, but in fostering involvement and high standards across a range of areas including sport, education and health.

Parkburn Limited

Directors' Report for the 52 weeks ended 25 March 2006

Change in accounting policies

The Directors have adopted FRS 21, 'Events after the balance sheet date', FRS 25 'Financial instruments disclosure and presentation' and FRS 17, 'Retirement benefits' during the financial year

Post balance sheet events

Following the year end further equity of £5m was raised by the company and invested in the subsidiary company, Scottish Resources Group Limited Further details are provided in Note 32

Statement of Directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that year

The Directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 25 March 2006 The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis Further information on the going concern basis of preparation is provided in note 1 to the financial statements

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

Auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re appointment will be proposed at the annual general meeting

By order of the Board



P J Smyth
Company Secretary
8 August 2007

Independent Auditors' Report to the Members of Parkburn Limited

We have audited the Group and parent company financial statements of Parkburn Limited for the 52 weeks ended 25 March 2006, which comprise the consolidated profit and loss account, the statement of Group total recognised gains and losses, the Company's and Group's balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices) are set out in the 'Statement of Directors' responsibilities'.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' Report to the Members of Parkburn Limited

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 25 March 2006 and of its profit and cash flows for the 52 weeks then ended, and
- have been properly prepared in accordance with the Companies Act 1985

Emphasis of Matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the ability of the group to comply with the repayment terms of the external funding arrangements which are due within 12 months of approval of these financial statements and which are in turn dependent on the completion of certain transactions. As the completion of these transactions is inherently uncertain, this condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from a failure to meet the bank repayment terms.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh

9 August 2007

Parkburn Limited

Consolidated Profit and Loss Account for the 52 weeks ended 25 March 2006

	Notes	2006 £'000	Restated 2005 £'000
Turnover	2	148,852	118,729
Cost of sales		(149,319)	(112,782)
Gross (loss) / profit		<u>(467)</u>	<u>5,947</u>
Net operating expenses	3	(8,928)	(5,170)
Operating (loss) / profit	4	<u>(9,395)</u>	<u>777</u>
Gain on sale of fixed assets	7	16,399	
Interest receivable	8	160	146
Interest payable and similar charges	9	(5,080)	(3,576)
Other finance charges	31	(630)	(451)
Profit/(Loss) on ordinary activities before taxation		<u>1,454</u>	<u>(3,104)</u>
Tax credit on loss on ordinary activities	10	3,891	722
Profit / (loss) on ordinary activities after taxation		<u>5,345</u>	<u>(2,382)</u>
Minority interest	12	(2,090)	646
Retained profit / (loss) for the year	24	<u>3,255</u>	<u>(1,736)</u>

All operations are continuing

There is no difference between the profit / (loss) on ordinary activities before taxation and the retained profit / (loss) for the year stated above, and their historical cost equivalents

Parkburn Limited

Statement of Group Total Recognised Gains and Losses for the 52 weeks ended 25 March 2006

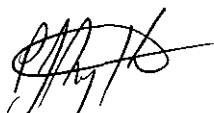
	Notes	2006 £'000	Restated 2005 £'000
Retained profit / (loss) for the financial year		3,255	(1,736)
Actuarial loss on pension scheme	31	(1,724)	(4,499)
Corporation tax relief on actuarial loss (30%)	31	517	
Corporation tax relief on excess pension contributions			168
Deferred tax on excess pension contributions			(168)
Deferred tax on actuarial loss			1,350
Total recognised gain / (loss) relating to the financial year		<u>2,048</u>	<u>(4,885)</u>
Prior year adjustment – FRS 17	1,31	(12,297)	
Total recognised loss since last accounts		<u>(10,249)</u>	

Parkburn Limited

Balance Sheets as at 25 March 2006

	Notes	Group		Company	
		2006 £'000	Restated 2005 £'000	2006 £'000	2005 £'000
Assets					
Fixed assets					
Intangible assets	13	7,823	8,400		
Tangible assets	14	55,430	64,982		
Investments	15			3,628	3,628
		63,253	73,382	3,628	3,628
Current assets					
Stocks	16	47,667	41,543		
Debtors amounts falling due after more than one year	17	34,620	31,607		
Debtors amounts falling due within one year	17	10,474	12,925		
Cash at bank and in hand		1	1	1	1
		92,762	86,076	1	1
Creditors , amounts falling due within one year	18	(52,443)	(57,868)	(2)	
Net current assets / (liabilities)		40,319	28,208	(1)	1
Total assets less current liabilities		103,572	101,590	3,627	3,629
Creditors : amounts falling due after more than one year	19	(37,413)	(33,121)	(1,140)	(1,140)
Provisions for liabilities and charges	20	(44,895)	(50,110)		
Net assets / (liabilities): excluding pension liability		21,264	18,359	2,487	2,489
Pension liability	31	(10,853)	(12,086)		
Net assets / liabilities		10,411	6,273	2,487	2,489
Capital and reserves					
Called up share capital	22	2,501	2,501	2,501	2,501
Profit and loss account	23	5,847	3,799	(14)	(12)
Shareholders funds	24	8,348	6,300	2,487	2,489
Minority Interest	25	2,063	(27)		
Total funds employed		10,411	6,273	2,487	2,489

The financial statements on pages 6 to 31 were approved by the Board of Directors on 8 August 2007 and were signed on its behalf by


Patrick Smyth
 Director

Parkburn Limited

Consolidated Cash Flow Statement for the 52 weeks ended 25 March 2006

	Notes	2006 £'000	Restated 2005 £'000
Net cash (outflow) / inflow from operating activities	26	<u>(7,524)</u>	<u>1,409</u>
Returns on investments and servicing of finance			
Interest received		160	76
Interest paid		(3,740)	(3,138)
Net cash outflow from returns on investments and servicing of finance		<u>(3,580)</u>	<u>(3,062)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(4,391)	(10,054)
Sale of tangible fixed assets		21,554	1,397
Net cash outflow from capital expenditure and financial investment		<u>17,163</u>	<u>(8,657)</u>
Net cash inflow / (outflow) before financing		<u>6,059</u>	<u>(10,310)</u>
Financing			
Capital payments under finance leases		(5,867)	(6,737)
Drawdown of term bank loan		12,500	
Repayment of term bank loan			(5,000)
Net cash inflow / (outflow) from financing		<u>6,633</u>	<u>(11,737)</u>
Increase / (decrease) in cash	27	<u>12,692</u>	<u>(22,047)</u>

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

1. Principal accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. Long term debtors, creditors and long term provisions have been discounted to reflect their net present value. The Group operates a 4,4,5 weeks quarterly reporting cycle for its financial reporting, with reporting periods ending on a Saturday. Accordingly this set of annual results has been prepared for the 52 weeks ended 25 March 2006. A summary of principal accounting policies, is set out below.

Basis of preparing the financial statements going concern

The company's subsidiary, Scottish Resources Group Limited, renegotiated its banking facilities in July 2007 and is now financed through a combination of bank overdraft facility and term loans.

Under the terms of the renewed facility, the company must comply with financial covenants and repayment schedules. In order to meet certain of the repayment terms within the facility, which are due within the 12 months of the date of approval of these financial statements, the company's subsidiary is in the process of making certain disposals and the raising of new equity finance. The completion of these transactions is currently underway and the directors are confident that the repayment terms will be met following their completion. However the nature of the transactions is such that there is inherent uncertainty as to their completion.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the company being able to meet its debt repayment obligations which in turn are dependent on the successful completion of these transactions.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to classify fixed assets and long term liabilities as current assets and current liabilities respectively.

Whilst the directors acknowledge that there is a material uncertainty as to the outcome of the matters mentioned above, which may cast significant doubt on the company's ability to continue as a going concern, they believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Basis of consolidation

The consolidated profit and loss account, balance sheet and cash flow statement include the financial statements of the Company and its subsidiary undertakings for the 52 weeks ending 25 March 2006. Intra Group sales and profit are eliminated fully on consolidation.

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. Coal sales invoices are raised at the date the supplies reach their point of delivery.

Goodwill and intangible assets

Goodwill arising represents the excess of fair value of the net assets acquired. In accordance with FRS10, 'Goodwill and intangible assets', the existing balance of the goodwill reserve was set against the consolidated profit and loss account reserve. Any future goodwill arising will be capitalised in the year of acquisition and amortised on a systematic basis over its useful economic life. The carrying value of goodwill and other intangible assets will be reviewed as necessary for impairment and a write down in carrying value is made where impairment is identified.

Licences are capitalised at purchase cost and amortised over an estimated useful economic life of 5 years.

Tangible fixed assets and depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Freehold land is not depreciated. The cost, less estimated residual value, of other tangible fixed assets is written off by equal instalments over their expected useful lives as indicated below.

	Years
Freehold buildings	50
Mines and surface works	up to 20
Plant, machinery and equipment	5 to 12
Motor vehicles	3 to 5

Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease.

Deferred opencast expenditure

Other than recoverable land purchase costs, opencast expenditure incurred prior to the commencement of working opencast sites is capitalised and charged to the profit and loss account over the coaling life of the site on a coal extraction basis.

Investments

Investments are stated at cost less any provisions for impairment.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a constant periodic rate of charge on the remaining balance of the obligation for each accounting period. Rentals paid under operating leases are charged against income as incurred.

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Appropriate provisions are made for obsolete and redundant stores.

Work in progress represents the cost of transferring both sub soil and muck to the tip above ground. These costs are expensed over the life of the site on a coal extraction basis.

Restoration and closure costs

The total costs of reinstatement of soil excavation and of surface restoration are recognised as a provision at site commissioning when the obligation arises. The amount provided represents the present value of the expected costs. Costs are charged to the provision as incurred and the unwinding of the discount is included in the interest charge for the year. An asset is created for an amount equivalent to the initial provision. This is charged to the profit and loss account on a coal extraction basis over the life of a site.

Pension costs

The Group operates a defined contribution scheme for the majority of staff, pension contributions to this scheme are expensed as incurred.

The Group contributes, in respect of those employees transferred direct from The British Coal Corporation, to two pension schemes providing benefits based on final pensionable pay, the Industry Wide Coal Staff Superannuation Scheme for non industrial staff, officials and weekly paid staff and the Industry Wide Mineworkers' Pension Scheme for other industrial employees. The assets of the schemes are held separately from those of the Group, being funds administered by Trustees to the schemes. These schemes are accounted for under FRS17, 'Retirement benefits'.

Deferred taxation

Deferred taxation is provided on an undiscounted basis in respect of all timing differences that have originated but not reversed by the balance sheet date, where there is an obligation to pay more or less in the future as a result of the reversal of those timing differences.

Changes in accounting policies

The Group has adopted FRS 17, 'Retirement benefits', FRS 21, 'Events after the balance sheet date', and FRS 25 'Financial instruments disclosure and presentation', in these financial statements. The adoption of FRS 21 and FRS 25 had no effect on these financial statements. The effect of FRS 17 adoption was to decrease staff costs by £753,000 (2005 decrease £1,451,000), to create 'Other finance charges' of £630,000 (2005 £451,000), to increase profit by £172,000 (2005 increase £1,229,000) and to increase minority interest by £61,000 (2005 increase £435,000).

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

2. Segmental and geographical analysis

The Directors consider that all operations arise from coal mining. All net assets are located in the United Kingdom. A geographical analysis of turnover is as follows:

	2006 £'000	2005 £'000
United Kingdom	<u>148,852</u>	<u>118,729</u>

3. Net operating expenses

	2006 £'000	Restated 2005 £'000
Administrative expenses	9,158	6,047
Amortisation of intangible fixed asset	577	577
Less: other operating income	<u>(807)</u>	<u>(1,454)</u>
Total operating expenses	<u>8,928</u>	<u>5,170</u>

4. Operating (loss) / profit

	2006 £'000	2005 £'000
Operating (loss) / profit is stated after charging:		
Depreciation:		
Tangible fixed assets under finance leases	2,826	3,889
Tangible owned fixed assets	7,251	6,614
Amortisation of intangible fixed asset	577	577
Auditors remuneration for:		
Audit Group	83	79
Audit Company	2	4
Other services	158	36
Hire of plant and machinery	7,944	8,301
Operating lease charges – plant and machinery	3,799	2,739

5. Employee information

The average monthly number of persons (including executive Directors) employed by the Group during the year was:

	2006 No	2005 No
Mining operations	789	782
Administrative staff	<u>56</u>	<u>57</u>
	<u>845</u>	<u>839</u>

Parkburn Limited

Notes to the Financial Statements for the 52 weeks ended 25 March 2006

	2006 £'000	Restated 2005 £'000
Staff costs		
Wages and salaries	27,533	25,576
Social security costs	2,727	2,570
Pensions (note 31)	1,251	1,143
	<u>31,511</u>	<u>29,289</u>

6. Directors' emoluments

The Directors did not receive any remuneration for their services to the Company during the financial year (2005 nil)

7. Gain on sale of fixed assets

During the year the Group sold two opencast sites, Glenmuckloch and Grievehill, to ATH Resources PLC for the sum of £18,000,000 resulting in a gain on sale of £14,594,000. The remaining £1,805,000 gain on sale is a result of the sale of plant and vehicles.

8. Interest receivable

	2006 £'000	2005 £'000
Other interest	160	76
Increase in discount on provisions (note 20)		70
	<u>160</u>	<u>146</u>

9. Interest payable and similar charges

	2006 £'000	2005 £'000
Unwinding of discount on provisions (note 20)	1,340	438
Interest payable on bank loans and overdrafts	3,213	2,344
Interest payable on hire purchase contracts	513	787
Other interest payable	14	7
	<u>5,080</u>	<u>3,576</u>

Parkburn Limited

Notes to the Financial Statements for the 52 weeks ended 25 March 2006

10. Tax on loss on ordinary activities

	2006 £'000	2005 £'000
United Kingdom corporation tax charge at 30%	(518)	(168)
Deferred tax credit	4,409	890
Total tax credit	<u>3,891</u>	<u>722</u>

The difference between the tax credit on ordinary activities for the year, reported in the profit and loss account, and the tax credit that would result from applying a relevant standard rate of tax to the loss on ordinary activities before tax, is explained as follows

	2006 £'000	2005 £'000
(Profit)/Loss on ordinary activities before tax	(1,454)	3,104
Standard rate of corporation tax at 30% (2005 30%)	<u>(436)</u>	<u>931</u>
Adjustments		
(a) Expenses not deductible for tax purposes	(264)	(88)
(b) Capital gains covered by brought forward losses	4,716	
(c) Accelerated capital allowances and other timing differences	(5,061)	(1,011)
(d) Tax at marginal rates	(1)	
(e) Deferred tax asset movement on pension scheme deficit	529	
(f) Losses not recognised	<u>(1)</u>	<u></u>
Tax charge for year	<u>(518)</u>	<u>(168)</u>

No factors have been identified which may affect future tax charges

11. Profit for the year

As permitted by Section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. The Company's loss was £2,000 (2005 £4,000 loss)

12. Minority interest

	2006 £'000	Restated 2005 £'000
Profit / loss on ordinary activities after taxation	5,345	(2,382)
Add back goodwill amortisation	557	557
	<u>5,902</u>	<u>(1,825)</u>
Minority interest	<u>(2,090)</u>	<u>646</u>

The minority interest Scottish Resources Group Limited (formerly known as Mining (Scotland) Limited) amounted to 36.35% up to the end of December 2002. Thereafter the minority interest increased to 39.05% until September 2003, at which point it reduced to 35.41%. The minority interest has been apportioned on a time basis.

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

13. Intangible assets

	Goodwill £'000	Licences £'000	Total £'000
Valuation			
At 26 March 2005 and 25 March 2006	<u>11,145</u>	<u>100</u>	<u>11,245</u>
Amortisation			
At 26 March 2005	2,785	60	2,845
Charge for year	<u>557</u>	<u>20</u>	<u>577</u>
At 25 March 2006	<u>3,342</u>	<u>80</u>	<u>3,422</u>
Net book value			
At 25 March 2006	<u>7,803</u>	<u>20</u>	<u>7,823</u>
At 26 March 2005	<u>8,360</u>	<u>40</u>	<u>8,400</u>

Goodwill arose on the acquisition of 63.65% of the share capital of Scottish Resources Group Limited (formerly known as Mining (Scotland) Limited) on 23 March 2000.

The Company has no intangible assets

14. Tangible assets

Group	Land and buildings £'000	Mines and surface works £'000	Plant, machinery and motor vehicles £'000	Deferred opencast expenditure £'000	Total £'000
Cost					
At 26 March 2005	20,875	3,413	49,703	36,837	110,828
Additions	75		1,945	3,685	5,705
Disposals	(765)		(4,100)	(2,384)	(7,249)
At 25 March 2006	<u>20,185</u>	<u>3,413</u>	<u>47,548</u>	<u>38,138</u>	<u>109,284</u>
Depreciation					
At 26 March 2005	1,824	2,506	24,380	17,136	45,846
Provided during the year	165	93	6,878	2,941	10,077
Disposals	(6)		(2,063)		(2,069)
At 25 March 2006	<u>1,983</u>	<u>2,599</u>	<u>29,195</u>	<u>20,077</u>	<u>53,854</u>
Net book value					
At 25 March 2006	<u>18,202</u>	<u>814</u>	<u>18,353</u>	<u>18,061</u>	<u>55,430</u>
At 26 March 2005	<u>19,051</u>	<u>907</u>	<u>25,323</u>	<u>19,701</u>	<u>64,982</u>

In accordance with normal accounting practices, the Directors do not include an amount in fixed assets valuing reserves of coal

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

Assets held under finance leases and capitalised in Plant, machinery and motor vehicles,

	2006 £'000	2005 £'000
Cost	16,073	29,197
Aggregate depreciation	<u>(6,386)</u>	<u>(10,873)</u>
	<u>9,687</u>	<u>18,324</u>

The Company has no tangible fixed assets

15. Fixed assets investments

Fixed asset investments relate to the Company's investment in Scottish Resources Group Limited (formerly known as Mining (Scotland) Limited)

	2006 £'000	2005 £'000
Investment in Group undertakings	<u>3,628</u>	<u>3,628</u>

The Company holds 64.59% (2005 64.59%) of the nominal value of shares, being ordinary 50p shares

The following companies are subsidiaries of Scottish Resources Group Limited and the percentage of shares held by the Group at 25 March 2006 and 27 March 2005

Name of undertaking	Incorporated	Shares	% of shares
The Scottish Coal Company Limited	Scotland	Ordinary £1 shares	100
Castlebridge Plant Limited	Scotland	Ordinary £1 shares	100
Game Fisheries Limited	Scotland	Ordinary 6 ² / ₃ p shares	100
Scottish Coal Contracts Limited	Scotland	Ordinary £1 shares	100
Alba Resource Recovery Limited	Scotland	Ordinary £1 shares	100
Scottish BioFuel Limited	Scotland	Ordinary £1 shares	100
Mining (Scotland) Trustees (UK) Limited	Scotland	"A" Ordinary shares	74
Mining (Scotland) Trustees Jersey Limited	Jersey	"A" Ordinary shares	74

The Scottish Coal Company Limited operates principally in Scotland. Its principal business activity is the mining and sale of coal.

Castlebridge Plant Limited operates principally in Scotland. Its principal business is plant hire.

Game Fisheries Limited operates in Scotland. Its principal activity is the management of lochs and farming.

Scottish Coal Contracts Limited operates principally in England. Its principal business activity is the mining of coal.

Alba Resource Recovery Limited operates in Scotland. Its principal business is the recycling of waste.

Parkburn Limited

Notes to the Financial Statements for the 52 weeks ended 25 March 2006

Scottish BioFuel Limited operates in Scotland. Its principal business is trading in biomass.

Mining (Scotland) Trustees (UK) Limited operates as the trustee of the Mining (Scotland) Limited Profit Sharing Scheme and holds the "free" shares which were allocated to each of the employee participants in the scheme.

Mining (Scotland) Trustees Jersey Limited was constituted as trustee of an option granted by certain shareholders permitting the trustee to acquire shares for employees as directed by such employees.

16. Stocks and work in progress

Group	2006 £'000	2005 £'000
Coal stocks	5,507	5,356
Spares and consumables	2,926	2,593
Work in progress	39,234	33,594
	<u>47,667</u>	<u>41,543</u>

In addition to the above the Group held consignment stock amounting to £351,000 (2005 £528,000) on behalf of suppliers.

The Company has no stock and work in progress.

17. Debtors

Group	2006 £'000	2005 £'000
Amounts falling due after more than one year		
Restoration and closure asset	17,749	19,524
Prepayments and accrued income		150
Deferred tax asset (note 21)	16,871	11,933
	<u>34,620</u>	<u>31,607</u>
Amounts falling due within one year		
Restoration and closure asset	2,159	3,184
Trade debtors	7,310	7,793
Corporation tax receivable	9	9
Other debtors	23	31
Prepayments and accrued income	973	1,908
	<u>10,474</u>	<u>12,925</u>

The Company has no debtors.

Parkburn Limited

Notes to the Financial Statements for the 52 weeks ended 25 March 2006

18. Creditors: amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Bank overdraft	10,266	22,958		
Trade creditors	12,386	15,325		
Other taxation and social security	6,219	2,951		
Other creditors	896	1,005		
Obligations under finance leases (note 19)	4,441	5,994		
Bank loan (note 19)	5,000			
Accruals and deferred income	13,235	9,635	2	
	<u>52,443</u>	<u>57,868</u>	<u>2</u>	

The overdraft facility is secured by fixed and floating charges over the assets of the Scottish Resources Group Limited (formerly Mining (Scotland) Limited) and its subsidiaries, The Scottish Coal Company Limited, Scottish Coal Contracts Limited and Castlebridge Plant Limited. Interest is charged at a rate linked to LIBOR.

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

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
DTI deferred consideration	4,593	4,593		
Bank loan	30,000	22,500		
Obligations under finance leases (note 18)	1,680	4,894		
Other creditors	1,140	1,134	1,140	1,140
	<u>37,413</u>	<u>33,121</u>	<u>1,140</u>	<u>1,140</u>

The DTI deferred consideration is constituted by a promissory note and secured by way of floating charge over the assets of Scottish Resources Group Limited and of its subsidiary, The Scottish Coal Company Limited, as well as a prior ranking fixed charge over one opencast site. Interest is charged at a rate linked to LIBOR.

The term loan facility is for £35,000,000 of which £35,000,000 was outstanding at the year end. Interest is payable at a rate linked to LIBOR. The loan is secured by both prior ranking fixed charges and floating charges. £5,000,000 is due for repayment by December 2006, with a further two repayments of £7,500,000 due in the year to March 2008 and the year to March 2009.

	2006	2005
	£'000	£'000
In the first year (note 18)	5,000	
In the second to fifth years	<u>30,000</u>	<u>22,500</u>
	<u>35,000</u>	<u>22,500</u>

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

Obligations under finance leases and hire purchase agreements are repayable over varying years by monthly or quarterly instalments as follows

	2006 £'000	2005 £'000
In the first year (note 18)	4,441	5,994
In the second to fifth years	<u>1,680</u>	<u>4,894</u>
	<u>6,121</u>	<u>10,888</u>

20 Provisions for liabilities and charges

	Restoration, closure and claims costs £'000	Provision for surface damage £'000	Total £'000
As at 26 March 2005	49,780	330	50,110
Released in year	(2,866)		(2,866)
Utilised in year	(3,489)	(200)	(3,689)
Unwinding of discount	<u>1,297</u>	<u>43</u>	<u>1,340</u>
As at 25 March 2006	<u>44,722</u>	<u>173</u>	<u>44,895</u>

In accordance with FRS12 a brief description of the nature of the Group's obligations, the expected timing of resulting outflows of economic benefit and an indication of the uncertainties surrounding each of the above provisions is provided below

Restoration, closure and claims costs opencast relate to the total costs of reinstatement, of soil excavation and of surface restoration such as topsoil replacement and landscaping. Restoration costs are payable in part progressively during the coaling, and in full following completion of the individual sites. Payments against aftercare liabilities, which follow completion of coaling on individual sites, are expected to be over the next 10 years. Claims provisions relate to opencast operations where sites owned by the Group are mined by external contractors. Where mining conditions vary from those specified in the contract, the external contractors may believe they are entitled to claim for further costs incurred. The Group is now primarily self-operating sites and the exposure to contractor claims is substantially reduced. Certain claims have now been settled and it is considered that the remaining liability is immaterial and therefore the provision is combined with the restoration and closure costs.

Surface damage provision relates to the Group's liability to repair all subsidence damage arising from past mining operations. Surface damage claims can be lodged by the public up to six years after mining, and payment will occur once a claim is settled. The volume and size of claims varies according to the nature of surface development (e.g. agricultural or residential area). Costs are estimated based on historical claims experience following a detailed assessment of the nature of the damage foreseen and agreed with The Coal Authority.

The Company has no provisions for liabilities and charges

Parkburn Limited

Notes to the Financial Statements for the 52 weeks ended 25 March 2006

21. Deferred taxation

Group

Deferred taxation assets recognised in the financial statements comprises

	2006 £'000	2005 £'000
Capital allowances	15,890	9,797
Losses	74	
On provision and other items	907	2,136
Total asset	<u>16,871</u>	<u>11,933</u>

The unprovided amounts of deferred taxation assets for timing differences are as follows

	2006 £'000	2005 £'000
On provisions and other items	3,081	7,839
Total asset	<u>3,081</u>	<u>7,839</u>

Company

No deferred taxation has been provided in the Company accounts (2005 nil)

There are no unprovided amounts of deferred taxation for timing differences in the Company accounts (2005 nil)

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

22 Share capital

Group and Company	2006 £'000	2005 £'000
Authorised share capital		
2,501,000 (2005 2,501,000) "A" Ordinary shares of £1 each	2,501	2,501
101,728 (2005 101,728) "B" Ordinary shares of 1p each	<u>1</u>	<u>1</u>
	<u>2,502</u>	<u>2,502</u>
Issued, called up and fully paid		
2,500,002 (2004 2,500,002) "A" Ordinary shares of £1 each	2,500	2,500
101,728 (2004 101,728) "B" Ordinary shares of 1p each	<u>1</u>	<u>1</u>
	<u>2,501</u>	<u>2,501</u>

The "B" ordinary shares have no voting rights, carry no dividend and provide no rights in a winding up

23. Reserves

Profit and loss account

	Group £'000	Company £'000
At 26 March 2005 as previously stated	12,177	(12)
Prior year adjustment	(8,378)	
26 March 2005 as restated	<u>3,799</u>	<u>(12)</u>
Retained profit / (loss) for the year after minority interest	3,255	(2)
Actuarial loss on pension scheme	(1,724)	
Movement on deferred tax relating to pension scheme liability	<u>517</u>	
At 25 March 2006	<u>5,847</u>	<u>(14)</u>

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

24. Reconciliation of movements in shareholders' funds

Group	2006 £'000	Restated 2005 £'000
Profit / (loss) for the year	3,255	(1,736)
Actuarial loss on pension scheme	(1,724)	(4,499)
Deferred tax relating to pension scheme	517	1,350
Net increase / (reduction) relating to the shareholders' funds	<u>2,048</u>	<u>(4,885)</u>
Opening shareholders' fund as previously stated	14,678	17,208
Prior year adjustment – FRS17	<u>(8,378)</u>	<u>(6,023)</u>
Closing shareholders' fund	<u>8,348</u>	<u>6,300</u>
Company	2006 £'000	2005 £'000
Opening shareholders' funds	2,489	2,493
Loss for the year	<u>(2)</u>	<u>(4)</u>
Closing shareholders' funds	<u>2,487</u>	<u>2,489</u>

25. Minority interest

	2006 £'000	Restated 2005 £'000
Opening minority interest	(27)	4,973
Prior year adjustment		(4,354)
Loss for year apportioned to minority interest (see note 12)	<u>2,090</u>	<u>(646)</u>
Closing minority interest	<u>2,063</u>	<u>(27)</u>

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

26 Reconciliation of operating profit / (loss) to net cash flow from operating activities

	2006 £'000	Restated 2005 £'000
Operating (loss) / profit	(9,395)	777
Amortisation of intangible fixed asset	577	577
Depreciation of tangible fixed assets	10,077	10,503
Difference between pension charge and cash contributions	(4,097)	(1,848)
Gain on sale of fixed assets		(178)
Increase in stocks	(6,124)	(11,641)
Decrease / (increase) in debtors	4,171	(6,056)
Increase in creditors	3,822	680
Decrease / (increase) in provisions	(6,555)	8,595
Net cash (outflow) / inflow from operating activities	<u>(7,524)</u>	<u>1,409</u>

27. Reconciliation of net cash flow to movements in net debt

	2006 £'000	2005 £'000
Increase / (decrease) in cash in the period	12,692	(22,047)
Cash (inflow) / outflow from change in debt	<u>(7,733)</u>	<u>7,100</u>
Movement in net debt in the period	4,959	(14,947)
Net debt at 26 March 2005	<u>(62,392)</u>	<u>(47,445)</u>
Net debt at 25 March 2006	<u>(57,433)</u>	<u>(62,392)</u>

28. Analysis of net debt

	2005 £'000	Cash Flow £'000	2006 £'000
Bank overdraft	(22,958)	12,692	(10,266)
Bank loan	(22,500)	(12,500)	(35,000)
DTI deferred consideration			
principal	(4,593)		(4,593)
accrued interest	<u>(1,453)</u>		<u>(1,453)</u>
	(6,046)		(6,046)
Hire purchase agreements	<u>(10,888)</u>	<u>4,767</u>	<u>(6,121)</u>
Total	<u>(62,392)</u>	<u>4,959</u>	<u>(57,433)</u>

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

29. Contingent liabilities

	2006 £'000	2005 £'000
Indemnities for performance bonds	21,091	13,958
Guarantees in favour of The Coal Authority	1,607	1,937
Other guarantees	995	1,741
	<u>23,693</u>	<u>17,636</u>

The performance bonds and guarantees in favour of The Coal Authority consist of restoration and aftercare agreements entered into in the normal course of business. Other guarantees relate to property transactions entered into in the normal course of business.

The Group is subject to various claims and legal actions in the ordinary course of business, for which provision is made in the financial statements, where appropriate, on the basis of the information currently available. The Directors do not expect that the outcome of such issues will materially affect the financial position.

30. Operating leases

Commitments under leases to pay rentals during the year following the year of these financial statements are given in the total below, analysed according to the period in which the lease expires.

	2006 £'000	2005 £'000
Obligations under operating leases		
Plant and machinery		
Expiring within 1 year	1,830	1,071
Expiring during 1 to 2 years	2,145	1,028
Expiring during 2 to 5 years	150	673
	<u>4,125</u>	<u>2,772</u>

Notes to the Financial Statements for the 52 weeks ended 25 March 2006

31. Pension schemes

Defined contribution scheme

The majority of employees are members of a defined contribution scheme. Pension assets are held separately from those of the Group. The pension cost charge represents contributions payable by the Group to the scheme. The Group has no liability other than to pay their contributions when due. No contributions were outstanding at the year end.

	2006 £'000	2005 £'000
Defined contribution scheme	<u>994</u>	<u>914</u>

Defined benefit scheme

In addition the Group has two closed defined benefit schemes. The Industry Wide Coal Staff Superannuation Scheme (IWCSSS) and the Industry Wide Mineworkers' Pension Scheme (IWMPS), both of which commenced on privatisation following the Coal Industry Act 1994.

Actuarial valuations of each scheme were undertaken by the Government Actuary's Department at 31 December 2003 using the projected unit method. The main assumption underlying both schemes is a long term gross investment return on scheme assets of 7%, which will exceed the annual rate of increase in pensionable salaries and price inflation by 3.87% and 3.87% respectively. Pensions are expected to increase in line with price inflation.

The aggregate market value of the assets of The Scottish Coal Company Limited sub fund at the valuation date was £12.3 million for the IWMPS and £10.5 million for the IWCSSS. The aggregate funding level on an ongoing basis was 67% and 81% respectively.

The Actuary's draft report on the valuation as at 31 December 2003 estimates that the employer rates of both schemes will increase to meet the valuation on an ongoing basis. The estimated new rates are 15.45% for the IWMPS and 17.25% for the IWCSSS. The Pensions Act 1995 Minimum Funding Requirement provisions require the ratio of assets to liabilities to be assessed on a prescribed basis. Under this valuation, both schemes are under provided at 60% and 60% respectively.

The deficits relate to the entire sub funds for both IWMPS and IWCSSS of The Scottish Coal Company Limited, this includes some members who were previously employed by The Scottish Coal (Deep Mine) Company Limited. The Directors of The Scottish Coal Company Limited and the Scottish Resources Group Limited are currently investigating whether either a Company or the Group are responsible for the liability associated with these sub funds. While these investigations are ongoing Scottish Resources Group Limited has provided for the deficit of payments of the amounts charged in the financial statement, the Scottish Coal Company Limited are of the opinion that no additional liability is likely to fall to be met by the Company.

Full actuarial valuations of each scheme were carried out by the Government Actuary's Department at 31 December 2003 using the projected unit method and updated to 25 March 2006, with the following principal assumptions for both schemes,

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

IWCSSS and IWMPS Combined

	2006	2005	2004
Rate of increase in salaries	3.0%	3 0%	2 7%
Rate of increase in pensions in payment	3 0%	3 0%	2 2%
Rate of increase in pensions in deferment	3 0%	3 0%	2 7%
Discount rate	4 9%	5 5%	5 5%
Inflation assumption	3 0%	3 0%	2 7%

The combined assets in the two schemes and the expected rate of return at the financial year end were,

	2006		2005		2004	
	Long term expected rate of return	Value £000	Long term expected rate of return	Value £000	Long term expected rate of return	Value £000
Equities	7 0%	18,913	7 0%	12,912	7 0%	16,869
Bonds	4 9%	15,388	5 5%	12,265	5 5%	5,796
Total market value of assets		34,301		25,177		22,665
Present value of scheme liabilities		(49,805)		(42,443)		(35,992)
Deficit		(15,504)		(17,266)		(13,327)
Related deferred tax asset		4,651		5,180		3,998
Net pension liability		(10,853)		(12,086)		(9,329)

Analysis of the combined amount charged to operating profit

	2006 £000	2005 £000
Current service cost (net of employee contributions)	446	262
Past service cost		
Total operating charge	446	262

Analysis of the amount credited to other finance income

Expected return on pension scheme assets	1,686	1,506
Interest on pension scheme liabilities	(2,316)	(1,957)
Net loss	(630)	(451)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

Actual return less expected return on pension scheme assets	4,010	788
Experience gains / (losses) arising on the scheme liabilities	(171)	(335)
Changes in assumptions underlying the present value of liabilities	(5,563)	(4,952)
Actuarial (loss) / gain recognised in STRGL	(1,724)	(4,499)

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Notes to the Financial Statements for the 52 weeks ended 25 March 2006

	2006 £000	2005 £000
Movement in deficit during the year		
Deficit at beginning of year	(17,266)	(13,327)
Current service cost (including employee contributions)	(538)	(357)
Contributions	4,654	1,368
Other finance income	(630)	(451)
Actuarial (loss) / gain	(1,724)	(4,499)
Deficit at end of year	<u>(15,504)</u>	<u>(17,266)</u>

History of experience gains and losses, for the two schemes combined, for the financial year ending,

	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets				
Amount £000	4,010	788	2,881	(8,364)
Percentage of scheme assets	12%	2%	13%	(46%)
Experience gains and losses on scheme liabilities				
Amount £000	(171)	(335)	(102)	(452)
Percentage of the present value of scheme liabilities	0%	1%	0%	1%
Total amount recognised in the STRGL				
Amount £000	(1,724)	(4,499)	764	(11,481)
Percentage of the present value of scheme liabilities	4%	9%	2%	(35%)

IWMPS

The assets in the IWMPS scheme and the expected rate of return at the financial year end were,

	2006		2005		2004	
	Long term expected rate of return	Value £000	Long term expected rate of return	Value £000	Long term expected rate of return	Value £000
Equities	7.0%	9,936	7.0%	6,948	7.0%	9,063
Bonds	4.9%	8,113	5.5%	6,632	5.5%	3,132
Total market value of assets		18,049		13,580		12,195
Present value of scheme liabilities		(22,630)		(19,556)		(18,062)
Deficit		(4,581)		(5,976)		(5,867)
Related deferred tax asset		1,374		1,793		1,760
Net pension liability		<u>(3,207)</u>		<u>(4,183)</u>		<u>(4,107)</u>

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Analysis of the amount charged to operating profit for the IWMPS scheme

	2006 £000	2005 £000
Current service cost (net of employee contributions)	95	26
Total operating charge	<u>95</u>	<u>26</u>

Analysis of the amount credited to other finance income

Expected return on pension scheme assets	896	811
Interest on pension scheme liabilities	(1,057)	(976)
Net loss	<u>(161)</u>	<u>(165)</u>

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

Actual return less expected return on pension scheme assets	2,149	425
Experience gains / (losses) arising on the scheme liabilities	(284)	91
Changes in assumptions underlying the present value of liabilities	(2,422)	(1,232)
Actuarial (loss) / gain recognised in STRGL	<u>(557)</u>	<u>(716)</u>

Movement in deficit during the year

Deficit at beginning of year	(5,976)	(5,867)
Current service cost (including employee contributions)	(101)	(35)
Contributions	2,214	807
Past service costs		
Other finance income	(161)	(165)
Actuarial (loss) / gain	(557)	(716)
Deficit at end of year	<u>(4,581)</u>	<u>(5,976)</u>

History of experience gains and losses, in the IWMPS scheme, for the financial year ending,

	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets				
Amount £000	2,149	425	1,524	(4,578)
Percentage of scheme assets	12%	3%	13%	(47%)
Experience gains and losses on scheme liabilities				
Amount £000	(284)	(91)	(81)	(349)
Percentage of the present value of scheme liabilities	(1%)	1%	(0%)	(2%)
Total amount recognised in the statement of total recognised gains and losses	(557)	(716)	299	(6,324)
Percentage of the present value of scheme liabilities	(3%)	4%	2%	(38%)

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IWCSSS

The assets in the IWCSSS scheme and the expected rate of return at the financial year end was,

	2006		2005		2004	
	Long term expected rate of return	Value £000	Long term expected rate of return	Value £000	Long term expected rate of return	Value £000
Equities	7.0%	8,977	7.0%	5,964	7.0%	7,806
Bonds	4.9%	7,275	5.5%	5,633	5.5%	2,664
Total market value of assets		16,252		11,597		10,470
Present value of scheme liabilities		(27,175)		(22,887)		(17,930)
Deficit		(10,923)		(11,290)		(7,460)
Related deferred tax asset		3,277		3,387		2,238
Net pension liability		<u>(7,646)</u>		<u>(7,903)</u>		<u>(5,222)</u>

Analysis of the amount charged to operating profit for the IWCSSS

	2006 £000	2005 £000
Current service cost (net of employee contributions)	351	236
Total operating charge	<u>351</u>	<u>236</u>

Analysis of the amount credited to other finance income

	2006 £000	2005 £000
Expected return on pension scheme assets	790	695
Interest on pension scheme liabilities	(1,259)	(981)
Net loss	<u>(469)</u>	<u>(286)</u>

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2006 £000	2005 £000
Actual return less expected return on pension scheme assets	1,861	363
Experience gains / (losses) arising on the scheme liabilities	113	(426)
Changes in assumptions underlying the present value of liabilities	(3,141)	(3,720)
Actuarial (loss) / gain recognised in STRGL	<u>(1,167)</u>	<u>(3,783)</u>

Movement in deficit during the year

	2006 £000	2005 £000
Deficit at beginning of year	(11,290)	(7,460)
Current service cost (including employee contributions)	(437)	(322)
Contributions	2,440	561
Past service costs		
Other finance income	(469)	(286)
Actuarial (loss) / gain	(1,167)	(3,783)
Deficit at end of year	<u>(10,923)</u>	<u>(11,290)</u>

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History of experience gains and losses, for the IWCSSS, for the financial year ending,

	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets				
Amount £000	1,861	363	1,357	(3,786)
Percentage of scheme assets	12%	3%	13%	(45%)
Experience gains and losses on scheme liabilities				
Amount £000	113	(426)	(21)	(103)
Percentage of the present value of scheme liabilities	0%	2%	0%	(1%)
Total amount recognised in the STRGL				
Amount £000	(1,167)	(3,783)	465	(5,157)
Percentage of the present value of scheme liabilities	(4%)	(17%)	3%	(32%)

32. Post balance sheet event

In July 2006, the subsidiary Company, Scottish Resources Group limited (formerly known as Mining (Scotland) Limited), undertook a successful share placing of 5,000,000 shares, being 3,738,851 of 'A' class shares and 1,261,149 'B' class shares, at £1 each raising a total of £5,000,000

33 Related party disclosures

Related Party	Nature of transactions	Transactions		Year End	
		Sales £'000	Purchases £'000	Debtor £'000	Creditor £'000
Bridgetown Plant Ltd	Plant hire	835	220	245	
Vogue Holdings	Property rental		105		7
Parkhill Estates	Management services	65	286	11	65
Brymbo Development Limited	Plant hire / coal sales	705	175	17	
Alarm Protection Limited	Security		367		30

The above companies are related through the interest of Colin Cornes

Colin Cornes provided an interest free loan to the Company amounting to £1,130,000 as at 25 March 2006 (2005 £1,130,000)

34. Ultimate parent undertaking

The Directors consider Colin Cornes to be the ultimate controlling party