

Parkburn Limited

Report and Financial Statements

for the 53 weeks ended 29 March 2008

Registered in Scotland - SC133821

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Parkburn Limited

Report and Financial Statements for the 53 weeks ended 29 March 2008

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Parkburn Limited

Directors' Report for the 53 weeks ended 29 March 2008

The Directors present their report and the audited financial statements for the 53 weeks ended 29 March 2008.

Principal activities

The principal activities of the Group are the surface mining of coal and property management and regeneration. There have been no changes in the principal activities during the year.

Review of business and future developments

Coal sales for the year were 2.9 million tonnes, compared to 3.1 million tonnes in 2007. This output was achieved despite a difficult operating period in the second half of the year due to bad weather and plant and staff resource shortages. In addition, production from our outsourced site, Spireslack, was significantly lower than our expectation. Notwithstanding this, management action has been taken to increase output in the current year.

During the year, our average sales price increased again over the previous year and this improvement will continue into 2008/9 and 2009/10 following the completion of new contracts. In addition, we have an increasing number of our sales contracts with inflation adjustment clauses to offset the high cost pressures facing the industry.

Results and dividends

The consolidated profit and loss account for the 53 weeks is set out on page 7. Operations produced a profit before tax on ordinary activities for the year of £2,358,000 (2007: loss £63,000) on sales of £111,774,000 (Restated 2007: £110,949,000), no dividend is proposed (2007: nil) and the whole amount is transferred from reserves.

Going concern

The current bank and term debt comprises a £12.5 million overdraft and a £30.5 million term loan facility. The loan was originally scheduled to be repaid through surplus property asset disposals. These facilities are currently on an 'on demand' basis following the rescheduling of original repayment terms given the property market downturn. The Group is not in breach of bank covenants. The Group has good forward visibility of its future cash flows due to the large element of fixed price supply agreements with customers that extend to March 2010 and beyond. Based on these underlying contracts the Group expects substantial operating cash generation in the next 18 months. The Group is in advanced discussion with its bank to renew the overdraft facility for a further 12 month period and to agree a revised loan facility repayment schedule to reflect repayment of the term loan from operating cashflows.

The Group's bankers have given a positive indication to the Directors that it is their intention to extend and renew the current arrangement such that the Group can meet a revised debt repayment schedule.

There are also loans to the Company from Colin Cornes, the majority shareholder, Parkhill Estates Limited and Vogue Holdings Incorporated totalling £16,278,000. These amounts are not due in the following year.

Having considered the strength of the future cashflows arising from customer supply agreements and the declared intention of the Group's bankers, the Directors have concluded that while some uncertainty over future facilities exists, that it is not a material uncertainty, and that it therefore remains appropriate to prepare the financial statements on a going concern basis.

Parkburn Limited

Directors' report for the 53 weeks ended 29 March 2008 (continued)

Financial risk management

As part of its business operations, the Group is exposed to financial risks including interest rate risk, diesel and coal commodity price risk, credit risk and liquidity risk. The Group's policy is not to trade in derivative financial instruments but to use derivatives to manage exposures of this type. At 29 March 2008, the Group had no derivative transactions outstanding.

Interest rate risk

The Group is exposed to interest rate risk arising from its borrowings. The Group has both floating rate bank debt and fixed rate asset finance and manages its floating rate exposure by the use of interest rate swaps.

During the year, the Group has reduced bank debt and as a consequence, the Group closed out an interest rate swap.

Commodity price risk – coal

The Group is exposed to fluctuations in coal and diesel prices. The price of coal impacts on revenue and earnings. We have mitigated this risk in the past by the use of long term customer contracts. These contracts, with the increase in coal prices, worked to our disadvantage in the past and our strategy has been to move to shorter term fixed price contracts or longer term contracts linked to international prices and which may contain floors and caps. In addition, a number of our coal contracts have indexation and fuel pass through clauses.

Commodity price risk – diesel

The Group uses approximately 55 million litres of diesel per annum and therefore a US\$10 movement in the price of oil will impact our cost base by some £1.8 million.

The Group has in the past hedged a proportion of its fuel usage in the derivative market. There are no derivative hedges in place as the Group believe that hedging at current forward prices is not economical.

In addition, a proportion of our sales contracts have fuel escalation clauses which will offset the increases in diesel costs.

Credit risk

The Group is exposed to credit risk through its counterparty position with banks and customers. The majority of the Group's customers are highly rated electricity generators where the Group believe credit risk is lower. Credit insurance is maintained for a number of customers outside this core customer group.

Liquidity risk

The Group manages its liquidity requirements by the use of short and long term cash flow forecasts. Liquidity is provided through maintaining appropriate bank facilities and asset finance facilities.

Parkburn Limited

Directors' Report for the 53 weeks ended 29 March 2008 (continued)

Key performance indicators

The Board of Directors and the management team regularly monitor the operating performance of the Group through the use of key performance indicators (KPIs). These KPIs include sales price per gigajoule, sales price per tonne, operating cost per tonne of coal produced, health and safety reportable incidents, profit and cash performance.

Directors

The Directors who served during the financial year were as follows:-

Colin Cornes
Patrick Smyth

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 £4,712 (2007: £14,580). There were no donations to political parties (2007: nil). Charitable donations made were predominantly to associations and charities involved with the coal industry and local communities.

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.

Share purchase

In November 2007, the Company undertook a share purchase of 5,750,000 of 'A' class shares in Scottish Resources Group Limited at a nominal value of 50p each, for consideration of £2.00 each. This had an effect of increasing the Company's stake in Scottish Resources Group Limited from 66.07% to 68.79%.

Parkburn Limited

Directors' Report for the 53 weeks ended 29 March 2008 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and Group.

In preparing those financial statements, the Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud.

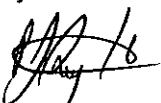
Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. Each Director has taken all the steps (such as making enquiries of other Directors and the auditors and any other steps required by the Director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent 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
8th January 2009

Parkburn Limited

Independent Auditors' Report to the Members of Parkburn Limited

We have audited the Group and parent company financial statements ("the financial statements") of Parkburn Limited for the 53 weeks ended 29 March 2008, which comprise the consolidated profit and loss account, the statement of Group's 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 whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report and the Deputy Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Parkburn Limited

Independent Auditors' Report to the Members of Parkburn Limited (continued)

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 29 March 2008 and of the Group's profit and cash flows for the 53 weeks then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh

19 January 2009

Parkburn Limited

Consolidated Profit and Loss Account for the 53 weeks ended 29 March 2008

	Notes	£'000	2008 £'000	Restated 2007 £'000
Turnover	2		111,774	110,949
Cost of sales			(103,744)	(100,342)
Gross profit			8,030	10,607
Operating expenses	3	(6,336)		(9,255)
Exceptional operating expenses	4	(1,028)		-
Total operating expenses			(7,364)	(9,255)
Operating profit				
Continuing operations		793		1,682
Discontinued operations		(147)		(330)
Group operating profit	5		666	1,352
Profit on sale of tangible assets	8		6,186	2,629
Profit on sale of business	35		2,269	-
Interest receivable and similar income	9		25	583
Interest payable and similar charges	10		(3,066)	(2,085)
Other finance costs	11	(2,372)		(2,542)
Exceptional other finance costs	12	(1,350)		-
Total other finance costs			(3,722)	(2,542)
Profit / (loss) on ordinary activities before tax			2,358	(63)
Tax on profit on ordinary activities	13		(574)	(445)
Profit / (loss) for the financial year			1,784	(508)
Minority interest	15		(731)	14
Retained profit / (loss) for the year	27		1,053	(522)

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 53 weeks ended 29 March 2008

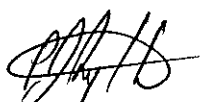
	Notes	2008 £'000	2007 £'000
Retained profit / (loss) for the financial year		1,053	(522)
Actuarial gain on pension scheme	34	5,736	1,232
Deferred tax on actuarial gain	24	(1,706)	(370)
Total recognised gain relating to the financial year		<u>5,083</u>	<u>340</u>

Parkburn Limited

Balance Sheets as at 29 March 2008

	Notes	Group		Company	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
Assets					
Fixed assets					
Intangible assets	16	6,689	7,246	-	-
Tangible assets	17	107,166	68,543	-	-
Investments	18	-	-	18,866	7,366
		<u>113,855</u>	<u>75,789</u>	<u>18,866</u>	<u>7,366</u>
Current assets					
Stocks	19	52,116	52,217	-	-
Debtors: amounts falling due after more than one year	20	30,282	32,778	-	-
Debtors: amounts falling due within one year	20	14,223	10,911	-	-
Cash at bank and in hand		<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
		<u>96,622</u>	<u>95,907</u>	<u>1</u>	<u>1</u>
Creditors: amounts falling due within one year	21	<u>(46,148)</u>	<u>(51,068)</u>	<u>(2)</u>	<u>(2)</u>
Net current assets/(liabilities)		<u>50,474</u>	<u>44,839</u>	<u>(1)</u>	<u>(1)</u>
Total assets less current liabilities		<u>164,329</u>	<u>120,628</u>	<u>18,865</u>	<u>7,365</u>
Creditors: amounts falling due after more than one year	22	<u>(44,572)</u>	<u>(40,029)</u>	<u>(16,378)</u>	<u>(4,878)</u>
Provisions for liabilities and charges	23	<u>(44,513)</u>	<u>(43,219)</u>	<u>-</u>	<u>-</u>
Net assets: excluding pension liability		<u>75,244</u>	<u>37,380</u>	<u>2,487</u>	<u>2,487</u>
Pension liability	34	<u>(2,934)</u>	<u>(8,513)</u>	<u>-</u>	<u>-</u>
Net assets		<u>72,310</u>	<u>28,867</u>	<u>2,487</u>	<u>2,487</u>
Capital and reserves					
Called up share capital	25	2,501	2,501	2,501	2,501
Revaluation reserve	26	35,051	10,884	-	-
Profit and loss account	26	11,268	6,185	(14)	(14)
Shareholders' funds	27	<u>48,820</u>	<u>19,570</u>	<u>2,487</u>	<u>2,487</u>
Minority interest	28	<u>23,490</u>	<u>9,297</u>	<u>-</u>	<u>-</u>
Total funds employed		<u>72,310</u>	<u>28,867</u>	<u>2,487</u>	<u>2,487</u>

The financial statements on pages 7 to 30 were approved by the Board of Directors on 8th January 2009 and were signed on its behalf by:-



Patrick Smyth
Director

Parkburn Limited

Consolidated Cash Flow Statement for the 53 weeks ended 29 March 2008

	Notes	2008 £'000	2007 £'000
Net cash inflow from operating activities	29	7,950	2,909
Returns on investments and servicing of finance			
Interest received		25	86
Interest paid		(3,066)	(3,539)
Net cash outflow from returns on investments and servicing of finance		(3,041)	(3,453)
Taxation		-	9
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,538)	(4,250)
Sale of tangible fixed assets		7,662	5,311
Net cash inflow from capital expenditure and financial investment		4,124	1,061
Acquisitions and disposals			
Proceeds from sale of subsidiary		4,080	-
Net cash inflow from disposals		4,080	-
Net cash inflow before financing		13,113	526
Financing			
Sale and finance lease back		-	3,582
Capital payments under finance leases		(4,001)	(4,489)
Repayment of term bank loan		(287)	(2,500)
Minority interest share purchase		2,500	1,262
Net cash outflow from financing		(1,788)	(2,145)
Increase / (decrease) in cash	30	11,325	(1,619)

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008

1. Principal accounting policies

Basis of preparation

The Group's current bank and term debt comprises a £12.5 million overdraft and a £30.5 million term loan facility. The loan was originally scheduled to be repaid through surplus property asset disposals. These facilities are currently on an 'on demand' basis following the rescheduling of original repayment terms given the property market downturn. The Group is not in breach of bank covenants. The Group has good forward visibility of its future cash flows due to the large element of fixed price supply agreements with customers that extend to March 2010 and beyond. Based on these underlying contracts the Group expects substantial operating cash generation in the next 18 months. The Group is in advanced discussion with its bank to renew the overdraft facility for a further 12 month period and to agree a revised loan facility repayment schedule to reflect repayment of the term loan from operating cashflows.

The Group's bankers have given a positive indication to the directors that it is their intention to extend and renew the current arrangement such that the Group can meet a revised debt repayment schedule.

Having considered the strength of the future cashflows arising from customer supply agreements and the declared intention of the Group's bankers, the Directors have concluded that while some uncertainty over future facilities exists, that it is not a material uncertainty, and that it therefore remains appropriate to prepare the financial statements on a going concern basis.

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 in the United Kingdom. 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 53 weeks ended 29 March 2008. The comparative period is for the 52 weeks ended 24 March 2007.

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 53 weeks ending 29 March 2008. Uniform accounting policies have been adopted across the Group with Intra-Group sales and profit are eliminated fully on consolidation. Increases in stake are accounted in accordance with FRS2 "Subsidiary Undertakings".

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. Turnover now includes property rental income, to reflect the increasing development of the estates business. In the prior year statutory accounts, property income had been disclosed within net operating expenses.

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.

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

1. Principal accounting policies (continued)

Tangible fixed assets and depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Assets have been fair valued where appropriate under FRS 2 'Subsidiary Undertakings'. 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
Major plant overhaul costs	2
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

Leases which transfer substantially all the risks and rewards of ownership to the Company are treated as finance leases.

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 and are written off according to the depreciation rate of the applicable asset category. 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.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Values of spares and consumables are based on the lower of net realisable value and average cost. 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.

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

1. Principal accounting policies (continued)

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.

Annually, the restoration obligation is reviewed and any change in provision is reflected in a change in the restoration asset.

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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

2. Turnover

The Directors consider that all operations arise from coal mining and property management and regeneration. All turnover is located within the United Kingdom.

	2008 £'000	Restated 2007 £'000
Coal mining	111,568	110,762
Property rental income	206	187
	<u>111,774</u>	<u>110,949</u>

Turnover now includes property rental income, previously £187,000 of property income had been disclosed within 'net operating expenses'.

3. Net operating expenses

	2008 £'000	Restated 2007 £'000
Administrative expenses	6,614	9,826
Amortisation of intangible fixed assets	557	548
Less: other operating income	(835)	(1,119)
Total operating expenses	<u>6,336</u>	<u>9,255</u>

Restated 2007 – see note 2

4. Exceptional operating expenses

Professional fees of £627,602 relate to the financial restructuring of the Group and are considered exceptional and one off in nature. Exceptional expenses also relate to a £400,000 fine, relating to a health and safety breach of regulations.

5. Operating profit

	2008 £'000	2007 £'000
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Operating profit is stated after charging:-

Depreciation (note 17):-

Tangible fixed assets under finance leases	1,518	2,225
Tangible owned fixed assets	6,062	4,127
Amortisation of intangible fixed asset (note 16)	557	548

Auditors remuneration for:-

Audit services	162	119
Taxation services	72	37
Pensions advisory	52	39
Consultancy services	187	202
Hire of plant and machinery	9,703	10,786
Operating lease charges – plant and machinery	2,915	4,175

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

6. Employee information

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

	2008 No.	2007 No.
By activity		
Mining operations	559	654
Administrative staff	56	43
	<u>615</u>	<u>697</u>
	2008 £'000	2007 £'000
Staff costs		
Wages and salaries	22,290	23,017
Social security costs	2,283	2,217
Pensions (note 34)	980	1,078
	<u>25,553</u>	<u>26,312</u>

7. Directors' emoluments

The Directors did not receive any remuneration for their services to the Company during the financial year (2007: nil).

8. Gain on sale of fixed assets

The profit on sale of tangible assets is primarily due to the sale of surplus non-operational land at Poniel and Spirelack.

9. Interest receivable and similar income

	2008 £'000	2007 £'000
Other interest	25	86
Increase in discount on provisions	-	497
	<u>25</u>	<u>583</u>

10. Interest payable and similar charges

	2008 £'000	Restated 2007 £'000
Interest payable on bank loans and overdrafts	2,614	3,091
Interest payable on hire purchase contracts	426	392
Other interest payable	26	(1,398)
	<u>3,066</u>	<u>2,085</u>

In 2007, unwinding of discount on provisions, being £2,247,000, was originally disclosed under 'interest payable and similar charges' – it is now restated under 'other finance costs'.

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

11. Other finance costs

	2008 £'000	Restated 2007 £'000
Pension charges (note 34)	224	295
Unwinding of discount on provisions (note 23)	2,148	2,247
	<u>2,372</u>	<u>2,542</u>

2007 Restated – see note 10.

12. Exceptional finance costs

The costs relate to bank charges in respect of financial restructuring of the Group and are considered exceptional and one off in nature.

13. Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax on profits of the period	-	-
Deferred tax:		
- Current year	574	445
Total tax charge	<u>574</u>	<u>445</u>

The tax assessed for the year is lower (2007: higher) than the standard rate applying in the UK (30%). The differences are explained below:-

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	2,358	(63)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007: 30%)	(707)	19
Effects of:-		
Expenses not deductible for tax purposes	527	(179)
Capital gains covered by brought forward losses	151	(84)
Depreciation in excess of capital allowances	(1,820)	(345)
Other timing differences	1,849	589
Tax charge for year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges:-

- The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008.

14. 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 profit was £nil (2007: £nil).

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

15. Minority interest

	2008 £'000	2007 £'000
Profit/(loss) on ordinary activities after taxation	1,784	(508)
Add back goodwill amortisation	557	548
	<u>2,341</u>	<u>40</u>
Minority interest	<u>(731)</u>	<u>(14)</u>

In November 2007, the minority interest reduced to 31.21% (2007: 33.93%), as a result of a share issue when Parkburn Limited acquired 5,750,000 of 'A' class shares and the minority acquired 1,250,000 'A' class shares. All shares were acquired for consideration of £2.00 per share.

In September 2006, the minority interest reduced to 33.93% (2006: 35.41%), as a result of a share issue when Parkburn Limited acquired 3,738,851 of 'A' class shares and the minority acquired 1,261,149 'B' class shares. All shares were acquired for consideration of £1.00 per share.

16. Intangible assets

Group	Goodwill £'000
Valuation	
At 25 March 2007	11,136
Additions	-
At 29 March 2008	<u>11,136</u>
Amortisation	
At 25 March 2007	3,890
Charge for year	557
At 29 March 2008	<u>4,447</u>
Net book value	
At 29 March 2008	<u>6,689</u>
At 25 March 2007	<u>7,246</u>

Goodwill of £11,145,000 arose on the acquisition of 63.65% of the share capital of Scottish Resources Group Limited on 23 March 2000. In September 2006, Parkburn acquired 3,738,851 Ordinary "A" shares in Scottish Resources Group Limited, for consideration of £3,700,000, increasing the Company's investment in Scottish Resources Group Limited from 64.59% to 66.07%, this resulted in negative goodwill of £9,000 which was written off to reserves in the year.

The Company has no intangible assets.

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

17. Tangible assets

Group	Land and buildings	Mines and surface works	Plant, machinery and motor vehicles	Deferred opencast expenditure	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 25 March 2007	36,662	3,413	43,222	40,142	123,439
Fair value adjustment	35,129	-	-	-	30,262
Additions	846	-	11,704	1,650	14,200
Transfers	986	-	-	(986)	-
Disposals	(2,204)	-	(6,108)	-	(8,312)
At 29 March 2008	71,419	3,413	48,818	40,806	164,456
Depreciation					
At 25 March 2007	2,105	2,692	27,968	22,131	54,896
Provided during the year	141	94	4,141	3,204	7,580
Disposals	(165)	-	(5,021)	-	(5,186)
At 29 March 2008	2,081	2,786	27,088	25,335	57,290
Net book value					
At 29 March 2008	69,338	627	21,730	15,471	107,166
At 25 March 2007	34,557	721	15,254	18,011	68,543

Assets held under finance leases and capitalised in plant, machinery and motor vehicles:-

	2008 £'000	2007 £'000
Cost	15,592	14,055
Aggregate depreciation	(4,695)	(6,903)
	<u>10,897</u>	<u>7,152</u>

The Company has no tangible fixed assets.

In November 2007, Parkburn acquired 5,750,000 Ordinary "A" shares in Scottish Resources Group Limited, for consideration of £11,500,000, increasing the Company's investments in Scottish Resources Group Limited from 66.07% to 68.79%. Parkburn has reflected the increase in the fair value of the land and associated mineral rights of Scottish Resources Group Limited since September 2006 in land and buildings. Parkburn's share of this increase is included as a revaluation reserve, with remainder recognised as minority interest (note 28).

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

18. Fixed assets investments

Fixed asset investments relate to the Company's investment in Scottish Resources Group Limited.

	2008 £'000	2007 £'000
Investment in Group undertakings	18,866	7,366

The Company holds 68.79% (2007: 66.07%) 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 29 March 2008.

Name of undertaking	Incorporated	Shares	% of shares
The Scottish Coal Company Limited	Scotland	Ordinary £1 shares	68.79
Castlebridge Plant Limited	Scotland	Ordinary £1 shares	68.79
Game Fisheries Limited	Scotland	Ordinary 6½p shares	68.79
Scottish Coal Contracts Limited	Scotland	Ordinary £1 shares	68.79
Alba Resource Recovery Limited	Scotland	Ordinary £1 shares	68.79
SRG Estates Limited	Scotland	Ordinary £1 shares	68.79
Mining (Scotland) Trustees (UK) Limited	Scotland	"A" Ordinary shares	48.89
Mining (Scotland) Trustees Jersey Limited	Jersey	"A" Ordinary shares	48.89

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 principally in Scotland. Its principal business is the recycling of waste.

SRG Estates Limited (formerly known as G2 Energy Limited) operates principally in Scotland. Its principal business is to develop and sell estates assets owned by the Group.

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.

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

19. Stocks

Group	2008 £'000	2007 £'000
Coal stocks	1,355	2,849
Spares and consumables	4,577	2,877
Work in progress	46,184	46,491
	<u>52,116</u>	<u>52,217</u>

In addition to the above the Group held consignment stock amounting to £260,962 (2007: £521,381) on behalf of suppliers. Consignment stock is held for fast moving stock items and the stocking requirement is reviewed annually with suppliers. There is no obligation to purchase stock items that may not be required.

The Company has no stock and work in progress.

20. Debtors

Group	2008 £'000	2007 £'000
Amounts falling due after more than one year		
Restoration and closure asset	12,263	15,716
Deferred consideration	600	-
Deferred tax asset (note 24)	17,419	17,062
	<u>30,282</u>	<u>32,778</u>
Amounts falling due within one year		
Restoration and closure asset	6,899	2,133
Trade debtors	3,246	6,411
Other debtors	1,766	1,471
Prepayments and accrued income	2,312	896
	<u>14,223</u>	<u>10,911</u>

The Company has no debtors.

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

21. Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank overdraft	560	11,885	-	-
Trade creditors	12,063	14,180	-	-
Other taxation and social security	3,592	5,861	-	-
Other creditors	405	787	-	-
Obligations under finance leases (note 22)	4,297	3,208	-	-
Bank loan (note 22)	17,163	5,000	-	-
Accruals and deferred income	8,068	10,147	2	2
	<u>46,148</u>	<u>51,068</u>	<u>2</u>	<u>2</u>

The overdraft facility is secured by fixed and floating charges over the assets of the Scottish Resources Group 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.

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

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
DTI deferred consideration	4,622	4,593	-	-
Bank loan	15,000	27,500	-	-
Obligations under finance leases	8,572	3,058	-	-
Other creditors	16,378	4,878	16,378	4,878
	<u>44,572</u>	<u>40,029</u>	<u>16,378</u>	<u>4,878</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 £32,163,000 of which £32,163,000 was outstanding at the year end. The term loan is repayable by instalment. Interest is payable at a rate linked to LIBOR. The loan is secured by both prior ranking fixed charges and floating charges.

	2008	2007
	£'000	£'000
In the first year (note 21)	17,163	5,000
In the second to fifth years	15,000	27,500
	<u>32,163</u>	<u>32,500</u>

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

22. Creditors: amounts falling due after more than one year (continued)

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

	2008 £'000	2007 £'000
In the first year (note 21)	4,297	3,208
In the second to fifth years	8,572	3,058
	<u>12,869</u>	<u>6,266</u>

23. Provisions for liabilities and charges

	Restoration, closure and claims costs £'000	Provision for surface damage £'000	Total £'000
As at 25 March 2007	43,046	173	43,219
Released in year	(4,117)	-	(4,117)
Utilised in year	(2,768)	(45)	(2,813)
Unwinding of discount	2,148	-	2,148
Increase in discount	6,076	-	6,076
As at 29 March 2008	<u>44,385</u>	<u>128</u>	<u>44,513</u>

Restoration, closure and claims costs for surface mines 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.

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 53 weeks ended 29 March 2008 (continued)

24. Deferred taxation

Group

Deferred taxation assets recognised in the financial statements comprises:-

	2008 £'000	2007 £'000
Capital allowances	15,329	14,861
Losses	1,347	1,559
On provision and other items	743	642
Total asset	17,419	17,062
Deferred tax on pension liability (note 34)	1,140	3,649
	18,559	20,711

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

	2008 £'000	2007 £'000
On provisions and other items	1,806	2,874
Total asset	1,806	2,874

Company

No deferred taxation has been provided in the Company's accounts (2007: nil).

There are no unprovided amounts of deferred taxation for timing differences in the Company's accounts (2007: nil).

25. Share capital

Group and Company

	2008 £'000	2007 £'000
Authorised share capital:-		
2,501,000 (2007: 2,501,000) "A" Ordinary shares of £1 each	2,501	2,501
101,728 (2007: 101,728) "B" Ordinary shares of 1p each	1	1
	2,502	2,502
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	1	1
	2,501	2,501

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

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

26. Reserves

Profit and loss account	Group £'000	Company £'000
At 25 March 2007	6,185	(14)
Retained profit for the year after minority interest	1,053	-
Actuarial gain on pension scheme	5,736	-
Deferred tax on actuarial gain	(1,706)	-
At 29 March 2008	<u>11,268</u>	<u>(14)</u>
Revaluation reserve	Group £'000	Company £'000
At 25 March 2007	10,884	-
Addition in year	24,167	-
At 29 March 2008	<u>35,051</u>	<u>-</u>

27. Reconciliation of movements in shareholders' funds

Group	2008 £'000	2007 £'000
Profit/(loss) for the year	1,053	(522)
Actuarial gain on pension scheme	5,736	1,232
Deferred tax on actuarial gain	(1,706)	(370)
Net increase relating to the shareholders' funds	<u>5,083</u>	<u>340</u>
Opening shareholders' funds	19,570	8,346
Increase in revaluation reserve	24,167	10,884
Closing shareholders' fund	<u>48,820</u>	<u>19,570</u>
Company	2008 £'000	2007 £'000
Opening shareholders' funds	2,487	2,487
Profit for the year	-	-
Closing shareholders' funds	<u>2,487</u>	<u>2,487</u>

28. Minority interest

	2008 £'000	2007 £'000
At 25 March 2007	9,297	2,091
Profit/(loss) for year apportioned to minority interest (note 15)	731	(14)
Increase due to Scottish Resources Group Limited fair value exercise	10,962	5,967
Increase due to share purchase	2,500	1,253
At 29 March 2008	<u>23,490</u>	<u>9,297</u>

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

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

	2008 £'000	2007 £'000
Operating profit	666	1,352
Amortisation of intangible fixed asset	557	568
Depreciation of tangible fixed assets	7,580	6,352
Difference between pension charge and cash contributions	(2,576)	(2,405)
Decrease / (increase) in stocks	101	(4,550)
(Increase) / decrease in debtors	(1,114)	1,587
Increase in creditors	3,590	3,431
Decrease in provisions	(854)	(3,426)
Net cash inflow from operating activities	<u>7,950</u>	<u>2,909</u>

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

	2008 £'000	2007 £'000
Increase / (decrease) in cash in the period	11,325	(1,619)
Cash (inflow) / outflow from change in debt	<u>(6,297)</u>	<u>3,810</u>
Movement in net debt in the period	5,028	2,191
Opening net debt	<u>(55,242)</u>	<u>(57,433)</u>
Closing net debt	<u>(50,214)</u>	<u>(55,242)</u>

31. Analysis of net debt

	2007 £'000	Cash Flow £'000	Non cash charges	2008 £'000
Bank overdraft	(11,885)	11,325	-	(560)
Bank loan due within one year	(5,000)	337	12,500	(17,163)
Bank loan due after one year	<u>(27,500)</u>		<u>(12,500)</u>	<u>(15,000)</u>
	(44,385)	11,662	-	(32,723)
DTI deferred consideration	(4,593)	-	(29)	(4,622)
Hire purchase agreements	<u>(6,264)</u>	<u>4,001</u>	<u>(10,606)</u>	<u>(12,869)</u>
Total	<u>(55,242)</u>	<u>15,663</u>	<u>(10,635)</u>	<u>(50,214)</u>

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

32. Contingent liabilities

	2008 £'000	2007 £'000
Indemnities for performance bonds	27,403	16,698
Guarantees in favour of The Coal Authority	1,707	1,657
Other guarantees	7,145	770
	<u>36,255</u>	<u>19,125</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.

33. Financial commitments

At 29 March 2008 the Group had annual commitments under non-cancellable operating leases for plant and machinery expiring as follows:-

	2008 £'000	2007 £'000
In the first year	245	936
Between one and five years	2,383	485
	<u>2,628</u>	<u>1,421</u>

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

34. 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.

	2008 £'000	2007 £'000
Defined contribution scheme	<u>777</u>	<u>825</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 Scheme Actuary at 31 December 2006 using the projected unit method. The main assumption underlying both schemes is a long-term gross investment return on scheme assets of 5.1%, which will exceed the annual rate of increase in pensionable salaries and price inflation by 1.2% and 2.2% respectively. Pensions are expected to increase.

The aggregate market value of the assets of The Scottish Coal Company Limited sub-fund at the valuation date was £19.2 million for the IWMPs and £17.9 million for the IWCSSS. The aggregate funding level on an ongoing basis was 71% and 63% respectively.

The Actuary's report on the valuation as at 31 December 2006 estimates that the employer contribution rates needed to fully fund the future benefit accrual on the ongoing basis were calculated as 32.5% for the IWMPs and 33.3% for the IWCSSS. This valuation is the first to be carried out under the new statutory Scheme Specific Funding regime. The regime requires the scheme trustees to put in place a recovery plan to eliminate any funding shortfall, over a period agreed with the employer. Contributions under this Recovery Plan would need to be paid in addition to those stated above.

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 Scottish Resources Group Limited are currently investigating whether either a particular 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 payments.

Full actuarial valuations of each scheme were carried out by the Scheme Actuary at 31 December 2006 using the projected unit method and updated to 29 March 2008, with the following principal assumptions for both schemes:-

Parkburn Limited

Notes to the financial statements for the 53 weeks ended 29 March 2008 (continued)

34. Pension schemes (continued)

IWCSSS and IWMPs Combined

	2008	2007	2006
Rate of price inflation	3.5%	3.2%	3.0%
Rate of increase in salaries	4.5%	3.2%	3.0%
Rate of increase in pensions in payment	3.5%	3.2%	3.0%
Rate of increase in pensions in deferment	3.5%	3.2%	3.0%
Discount rate	6.7%	5.3%	4.9%

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

	2008		2007		2006	
	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	6.3%	17,309	7.0%	20,353	7.0%	18,913
Bonds	6.7%	21,864	5.3%	16,990	4.9%	15,388
Total market value of assets		39,173		37,343		34,301
Present value of scheme liabilities		(43,247)		(49,505)		(49,805)
Deficit		(4,074)		(12,162)		(15,504)
Related deferred tax asset		1,140		3,649		4,651
Net pension liability		(2,934)		(8,513)		(10,853)

Analysis of the combined amount charged to operating profit:-

	2008 £'000	2007 £'000
Current service cost	407	575
Less: employee contributions	(91)	(87)
Current service cost (net of employee contributions)	316	488

Analysis of the amount debited to other finance charges

	2008	2007
Expected return on pension scheme assets	2,372	2,127
Interest on pension scheme liabilities	(2,596)	(2,422)
Net return	(224)	(295)

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

	2008	2007
Actual return less expected return on pension scheme assets	(2,049)	(729)
Experience loss arising on the scheme liabilities	(399)	(60)
Changes in assumptions underlying the present value of liabilities	8,184	2,021
Actuarial gain recognised in STRGL	5,736	1,232

Parkburn Limited

Notes to the financial statements for the 53 weeks ended 29 March 2008 (continued)

34. Pension schemes (continued)

	2008 £'000	2007 £'000
Movement in deficit during the year		
Deficit at beginning of year	(12,162)	(15,504)
Current service cost (including employee contributions)	(407)	(575)
Contributions	2,983	2,980
Other finance charges	(224)	(295)
Actuarial gain	5,736	1,232
Deficit at end of year	<u>(4,074)</u>	<u>(12,162)</u>

History of gains and losses for the two schemes combined recognised in the STRGL

	2008	2007	2006	2005	2004
Actual less expected return on assets					
Amount £'000	(2,049)	(729)	4,010	788	2,881
Percentage of scheme assets	5%	2%	12%	3%	13%
Experience loss on scheme liabilities					
Amount £'000	(399)	(60)	(171)	(335)	(102)
Percentage of scheme liabilities	0%	0%	0%	1%	0%
Total amount recognised in the STRGL					
Amount £'000	5,736	1,232	(1,724)	(4,499)	764
Percentage of scheme liabilities	13%	3%	(4%)	(11%)	2%

The Company has no pension liability.

Parkburn Limited

Notes to the Financial Statements for the 53 weeks ended 29 March 2008 (continued)

35. Profit on sale of business

On 28 August 2007, Scottish Resources Group Limited sold the entire share capital of Scottish BioFuel Limited to Infinis Limited. In addition, certain operating assets, liabilities and workforce were transferred. This contract was subject to Scottish Resources Group shareholder approval, amongst other conditions, which was obtained on 26 September 2007. The gross consideration for the sale of Scottish BioFuel Limited amounted to £5,450,000. After deduction of legal fees and deferred consideration, net proceeds of £4,080,233 were received on 27 September 2007. The sale resulted in a profit on sale of business of £2,269,000 and profits of £321,934 in relation to the sale of property assets are also related to this transaction

36. Related Party Disclosures

The related party transactions were as follows:-

		2008		2007	
		Value of sales/ (purchases) £'000	Receivable/ (payable) at year end £'000	Value of sales/ (purchases) £'000	Receivable/ (payable) at year end £'000
Related Party	Nature of transactions				
Bridgetown Plant Ltd.	Plant hire, management services and labour charges	(594)	(625)	38	(78)
Vogue Holdings	Property rental	(54)	1	(99)	26
Parkhill Estates	Management services	(839)	(899)	(199)	(191)
Brymbo Development Ltd.	Plant hire	-	-	11	-
Alarm Protection Limited	Security	(510)	(23)	(238)	106

The creditor balances are included within trade creditors and debtor balances with trade debtors.

The above companies are related through the interest of Colin Cornes.

Colin Cornes provided an interest free loan to the Company amounting to £13,978,000 as at 29 March 2008 (2007: £4,878,000). Parkhill Estates Limited and Vogue Holdings Incorporated both provided interest free loans of £1,200,000 each (2007: nil), to the Company as at 29 March 2008. These entities are related to Parkburn Limited through Colin Cornes.

37. Ultimate Parent Undertaking

The Directors consider Colin Cornes to be the ultimate controlling party.