

# **Parkburn Limited**

## **Report and Financial Statements**

**for the 52 weeks ended 28 March 2009**

**Registered in Scotland - SC133821**

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# **Parkburn Limited**

## **Report and Financial Statements for the 52 weeks ended 28 March 2009**

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# **Parkburn Limited**

## **Directors' report for the 52 weeks ended 28 March 2009**

The Directors present their report and the audited financial statements of the Group (registered number SC133821) for the 52 weeks ended 28 March 2009. The comparative period is for the 53 weeks ended 29 March 2008.

### **Principal activities**

The Company acts as a holding company for Scottish Resources Group Limited ("SRG") and its subsidiaries and the principal activities of this Group are the surface mining of coal and land and renewables. There have been no changes in the principal activities during the year.

### **Review of business and future developments**

The Group's subsidiary, SRG, has a subsidiary, The Scottish Coal Company Limited, which is the UK's largest surface coal mining company and has a rapidly growing property development business which capitalises on our significant land holding and planning experience.

SRG is also actively developing a portfolio of renewable and alternative energy opportunities. These developments will add value to the Group in the coming years and will be delivered by capitalising on our landholdings, customer base and stakeholder relationships.

### **Surface mining performance**

Coal sales for the year were 3.1 million tonnes, compared to 2.9 million tonnes in 2008. Total own site production, plus purchased coal, was 3.2 million tonnes compared to 2.8 million tonnes in 2008. Production from the only outsourced site, Spireslack, remained lower than expected. The Group has invested heavily during the year with over £25 million of plant and equipment purchases which will improve our efficiency and ability to increase production in future years.

The international market price of coal (API2 benchmark) was extraordinarily volatile last year. It commenced with exceptional highs of around US\$200 per tonne in July 2008 before reducing to around US\$60 per tonne in March 2009.

The Group has benefited from this volatility by locking in higher average sales prices for 2009/10 and has reduced the negative impact of the volatility through contractual risk management.

The average sales price during the period was £1.77 per net gigajoule (GJ) compared to £1.47 per net GJ the prior period. In addition, an increasing number of our sales contracts have gas oil and inflation adjustment clauses to offset the variable cost pressures facing the industry.

The Group's key operating assets are its workforce and plant fleet. The Group has continued to increase its skilled workforce with direct employment increasing considerably as new sites have opened and more engineering and maintenance is undertaken in-house.

The Group operates one of the largest earthmoving fleets in Europe and plans to continue to invest around £20 million a year in renewal and expansion of its plant fleet. This will also reduce the average age of the plant and equipment. A significant element of this spend supports the Scottish economy as the Group's suppliers have factories, assembly and service operations in Scotland.

## **Parkburn Limited**

### **Directors' report for the 52 weeks ended 28 March 2009 (continued)**

#### **Land and renewables**

The Group manages and creates development opportunities on the 22,000 acre land portfolio in Central and Southern Scotland, including a series of new projects.

The Group plans to maximise the value of the existing asset base through the development of the land and renewables portfolios and by optimising the existing skill base and relationships which the Group has developed with customers and stakeholders.

The Group is currently promoting 14 large strategic development sites through the planning process which should yield in excess of 3,000 residential units and over 1,000,000 sq ft of commercial space. It has accelerated its development planning programme so as to ensure that the Group has a steady supply of valuable consented sites to realise in the market when recovery takes place.

The renewables portfolio is developing well. Our existing wind farm proposals in partnership with Infinis are progressing through the planning system. The next phase of wind farms has been identified. Our bio energy interests include biomass generation and biofuels.

#### **Results and dividends**

The consolidated profit and loss account for the 52 weeks is set out on page 9. Operations produced a loss before tax on ordinary activities for the year of £9,183,000 (restated 2008: profit £305,000) on sales of £143,515,000 (2008: £111,774,000), no dividend is proposed (2008: nil) and the whole amount is transferred from reserves.

#### **Going concern**

At 28 March 2009, the Group was negotiating renewal of revised facilities considered sufficient to cover forecast cash requirements. These negotiations were concluded subsequent to the balance sheet date. Sales contracts for 2010/11 have also been secured at significantly increased prices. On this basis, the directors have concluded that it is appropriate for their consolidated financial statements for the 52 weeks ended 28 March 2009 to be prepared on a going concern basis.

#### **Risks and uncertainties**

We operate in an industry which, by exploiting natural resources, carries inherent operational uncertainty, and is subject to market and other external risks which cannot be fully foreseen, mitigated or insured against. Set out below are some of the principal risks and uncertainties identified by the directors which exist within the Group and are actively dealt with by the management team but nevertheless, could materially affect our financial condition, performance, strategies and prospects. The following risk information is not intended to be a comprehensive overview of risks inherent within the business nor is it intended to rank the risks in any order of importance or materiality.

#### **Health and safety**

In common with other primary industries and the construction sector, mining operations are subject to potential health and safety risks which must be controlled.

## **Parkburn Limited**

### **Directors' report for the 52 weeks ended 28 March 2009 (continued)**

#### **Health and safety (cont)**

The Group believes that the health and safety of our employees, and persons affected by our operations, is of paramount importance and is committed to ensuring that we do much more than merely comply with all of our obligations and to this end, we promote an active safety culture. The Board is therefore dedicated to maintain and enhance controls and to make improvements throughout the Group's operational structure and activities.

#### **Major unforeseeable production shortfalls**

Surface mines have, as a rule, a variable cost base. The site by site cost per GJ will vary according to the nature of each site. The overburden to coal ratio varies at each site and, along with variations associated with operating conditions, geology and weather, make site by site comparison difficult.

In surface mining, there are inevitably risks to production from geological site issues or equipment productivity. Geological site issues can arise from such matters as variations to the anticipated geological structure and/or variations to the anticipated coal qualities/quantities.

These risks are minimised by the highly experienced staff that are directly employed and not just available from consultancies. Extensive pre-coaling geological assessment, drilling/borehole analysis and ongoing review and analysis is undertaken by the Group's geologists who are available at very short notice to address issues arising.

The Group has 15 years of direct experience in dealing with these potential issues and, through positive management procedures, risks are identified and action taken promptly. In addition, many of our staff has considerably more experience than this, having worked with our predecessor, British Coal and other companies.

#### **Fluctuations in coal pricing**

The Group is exposed to fluctuations in both international coal and gas oil prices. The price of coal impacts on revenue and earnings. We have mitigated the Group's exposure to the volatility of international coal prices by a mix of shorter term fixed price contracts and longer term contracts linked to international prices. In addition, a number of our coal contracts have floors, indexation and fuel pass through clauses. It should of course be noted that coal has historically followed the price of oil so if oil prices rise then it is likely that coal sales prices will also increase.

#### **Commodity price risk – gas oil**

The Group uses significant volumes of gas oil per annum and therefore a movement in the price of oil, up or down, will impact our cost base. The Group manages this risk by such measures as:

- Longer-term fixed price purchase contracts with our major fuel suppliers;
- Using derivatives to hedge floating fuel cost exposures although no such instruments were used during the current year;
- Maintaining floating coal sales contracts, as the price of oil is closely correlated to that of coal and therefore there is a natural hedge in that revenue and a proportion of costs will move in a correlated nature;
- A proportion of our fixed price sales contracts have fuel escalation clauses which will offset the move in line with gas oil costs.

## **Parkburn Limited**

### **Directors' report for the 52 weeks ended 28 March 2009 (continued)**

#### **Interest rate risk**

To provide some certainty as to the level of interest cost, it is the Group's policy to manage interest rate exposure through an appropriate mix of fixed and floating rate debt. Derivative financial instruments may be used where appropriate to generate the desired interest rate profile.

#### **Credit risk**

The Group is exposed to credit risk through its counterparty position with 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 and additionally, Letters of Credit may be requested to provide security for certain export sales.

#### **Liquidity risk**

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

#### **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 are as follows:-

|                                                         | 2009    | 2008    |
|---------------------------------------------------------|---------|---------|
| <b>PROFIT AND LOSS ACCOUNT</b>                          |         |         |
| Turnover (£'000)                                        | 143,515 | 111,774 |
| Coal sales (tonnes)                                     | 3.1m    | 2.9m    |
| Average sales price per net GJ                          | 1.77    | 1.47    |
| Direct muckshift extraction cost per m3                 | 1.92    | 1.54    |
| Muckshift (m3 000's)                                    | 53,310  | 46,211  |
| Own site production of coal (tonnes)                    | 3.0m    | 2.6m    |
| Purchased coal & outsourced production of coal (tonnes) | 0.2m    | 0.2m    |
| Loss for the period (£000)                              | (4,938) | (468)   |
| <b>BALANCE SHEET</b>                                    |         |         |
| Tangible assets (£'000)                                 | 158,021 | 133,472 |
| Net assets (£'000)                                      | 33,811  | 44,436  |
| <b>HEALTH AND SAFETY</b>                                |         |         |
| RIDDOR (*) reportable accident frequency rate           | 0.01938 | 0.02752 |

\* RIDDOR – The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

## **Parkburn Limited**

### **Directors' report for the 52 weeks ended 28 March 2009 (continued)**

#### **Directors**

The Directors who served during the 52 weeks ended 28 March 2009 and up to the date of signing the financial statements, were as follows:-

Colin Cornes  
Patrick Smyth  
Darren Paul Mullinder (appointed 30 October 2009)

#### **Employees**

It is essential that we have a skilled and motivated workforce to ensure the long-term success of the business. We aim to attract, retain and motivate the highest calibre of employees within a structure that encourages their development and personal initiative. This includes collectively negotiated terms and conditions with superior sick pay and pensions provisions.

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 newsletters, briefings and corporate presentations.

The Group formally recognises a number of Trade Unions and supports membership wherever an employee wishes to do so. 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 £5,365 (2008: £4,712). There were no donations to political parties (2008: nil). Charitable donations made were predominantly to associations and charities involved with the coal industry and local communities. Payments made to various trusts are disclosed within 'community involvement' below.

#### **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. In each area where the Group is actively involved, it has set up a community fund (Mineral Trusts Funds) which receives a levy per tonne of coal mined (2009: £675,188, 2008: £597,490).

## **Parkburn Limited**

### **Directors' Report for the 52 weeks ended 28 March 2009 (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.

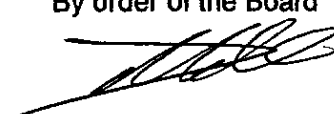
#### **Disclosure of information to auditors**

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



**Darren P. Mullinder**  
Company Secretary  
17 February 2010

# **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 52 weeks ended 28 March 2009, 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 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 (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 Company's affairs as at 28 March 2009 and of the Group's loss and cash flows for the 52 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.

A handwritten signature in black ink, reading "PricewaterhouseCoopers LLP", with a stylized flourish at the end.

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**Edinburgh**

**24 February 2010**

# Parkburn Limited

## Consolidated Profit and Loss Account for the 52 weeks ended 28 March 2009

|                                                        | Note | 2009<br>£'000  | Restated<br>2008<br>£'000 |
|--------------------------------------------------------|------|----------------|---------------------------|
| Turnover                                               | 2    | 143,515        | 111,774                   |
| Cost of sales                                          |      | (139,186)      | (105,797)                 |
| <b>Gross profit</b>                                    |      | <b>4,329</b>   | <b>5,977</b>              |
| Operating expenses                                     | 3    | (7,040)        | (6,336)                   |
| Exceptional operating expenses                         | 4    | (267)          | (1,028)                   |
| <b>Total operating expenses</b>                        |      | <b>(7,307)</b> | <b>(7,364)</b>            |
| Operating loss - continuing operations                 |      | (2,978)        | (1,240)                   |
| Operating loss - discontinued operations               |      | -              | (147)                     |
| <b>Operating loss</b>                                  | 5    | <b>(2,978)</b> | <b>(1,387)</b>            |
| Profit on sale of tangible assets                      | 8    | -              | 6,186                     |
| (Loss)/profit on sale of business                      | 36   | (146)          | 2,269                     |
| Interest receivable and similar income                 | 9    | -              | 25                        |
| Interest payable and similar charges                   | 10   | (3,880)        | (3,066)                   |
| Other finance costs                                    | 11   | (1,334)        | (2,372)                   |
| Exceptional other finance costs                        | 12   | (845)          | (1,350)                   |
| <b>Total other finance costs</b>                       |      | <b>(2,179)</b> | <b>(3,722)</b>            |
| <b>(Loss)/profit on ordinary activities before tax</b> |      | <b>(9,183)</b> | <b>305</b>                |
| Tax on (loss)/profit on ordinary activities            | 13   | 2,257          | (732)                     |
| <b>Loss for the financial year</b>                     |      | <b>(6,926)</b> | <b>(427)</b>              |
| Minority interest                                      | 15   | 1,988          | (41)                      |
| <b>Retained loss for the year</b>                      | 27   | <b>(4,938)</b> | <b>(468)</b>              |

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained 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 28 March 2009

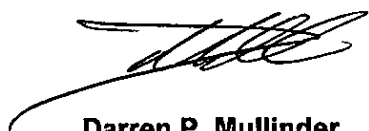
|                                                                                    | Note | 2009<br>£'000         | Restated<br>2008<br>£'000 |
|------------------------------------------------------------------------------------|------|-----------------------|---------------------------|
| <b>Retained loss for the financial year</b>                                        |      | (4,938)               | (468)                     |
| Actuarial (loss)/gain on pension scheme                                            | 35   | (4,693)               | 5,736                     |
| Deferred tax on actuarial (loss)/gain                                              | 24   | 1,314                 | (1,706)                   |
| Corporation tax on excess pension contributions                                    |      | 676                   | -                         |
| Deferred tax on excess pension contributions                                       | 24   | (676)                 | -                         |
| <b>Total recognised (loss)/gain relating to the financial year</b>                 |      | <u>(8,317)</u>        | <u>3,562</u>              |
| Impact of prior year restatement                                                   |      | <u>(1,521)</u>        |                           |
| <b>Total recognised (loss)/gain recognised since the last financial statements</b> |      | <u><u>(9,838)</u></u> |                           |

# Parkburn Limited

## Balance Sheets as at 28 March 2009

|                                                                | Notes | Group           |                           | Company       |               |
|----------------------------------------------------------------|-------|-----------------|---------------------------|---------------|---------------|
|                                                                |       | 2009<br>£'000   | Restated<br>2008<br>£'000 | 2009<br>£'000 | 2008<br>£'000 |
| <b>Assets</b>                                                  |       |                 |                           |               |               |
| <b>Fixed assets</b>                                            |       |                 |                           |               |               |
| Intangible assets                                              | 16    | 6,132           | 6,689                     | -             | -             |
| Tangible assets                                                | 17    | 158,021         | 133,472                   | -             | -             |
| Investments                                                    | 18    | -               | -                         | 19,186        | 18,866        |
|                                                                |       | <u>164,153</u>  | <u>140,161</u>            | <u>19,186</u> | <u>18,866</u> |
| <b>Current assets</b>                                          |       |                 |                           |               |               |
| Stocks                                                         | 19    | 6,801           | 6,258                     | -             | -             |
| Debtors: amounts falling due after more than one year          | 20    | 31,192          | 28,259                    | -             | -             |
| Debtors: amounts falling due within one year                   | 20    | 10,716          | 7,924                     | -             | -             |
| Cash at bank and in hand                                       |       | 5               | 1                         | 5             | 1             |
|                                                                |       | <u>48,714</u>   | <u>42,442</u>             | <u>5</u>      | <u>1</u>      |
| <b>Creditors: amounts falling due within one year</b>          | 21    | (63,386)        | (46,148)                  | (2)           | (2)           |
| <b>Net current liabilities</b>                                 |       | <u>(14,672)</u> | <u>(3,706)</u>            | <u>3</u>      | <u>(1)</u>    |
| <b>Total assets less current liabilities</b>                   |       | <u>149,481</u>  | <u>136,455</u>            | <u>19,189</u> | <u>18,865</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 22    | (50,450)        | (39,950)                  | (16,715)      | (16,378)      |
| <b>Provisions for liabilities and charges</b>                  | 23    | (60,646)        | (49,135)                  | -             | -             |
| <b>Net assets: excluding pension liability</b>                 |       | <u>38,385</u>   | <u>47,370</u>             | <u>2,474</u>  | <u>2,487</u>  |
| <b>Pension liability</b>                                       | 35    | (4,574)         | (2,934)                   | -             | -             |
| <b>Net assets</b>                                              |       | <u>33,811</u>   | <u>44,436</u>             | <u>2,474</u>  | <u>2,487</u>  |
| <b>Capital and reserves</b>                                    |       |                 |                           |               |               |
| Called up share capital                                        | 25    | 2,501           | 2,501                     | 2,501         | 2,501         |
| Revaluation reserve                                            | 26    | 34,892          | 35,051                    | -             | -             |
| Profit and loss account                                        | 26    | (24,233)        | (15,916)                  | (27)          | (14)          |
| Shareholders' funds                                            | 27    | 13,160          | 21,636                    | 2,474         | 2,487         |
| <b>Minority interest</b>                                       | 28    | 20,651          | 22,800                    | -             | -             |
| <b>Total funds employed</b>                                    |       | <u>33,811</u>   | <u>44,436</u>             | <u>2,474</u>  | <u>2,487</u>  |

The financial statements on pages 9 to 36 were approved by the Board of Directors on 17 February 2010 and were signed on its behalf by:-

  
**Darren P. Mullinder**  
 Finance Director

# Parkburn Limited

## Consolidated Cash Flow Statement for the 52 weeks ended 28 March 2009

|                                                                                    | Notes | 2009<br>£'000 | 2008<br>£'000 |
|------------------------------------------------------------------------------------|-------|---------------|---------------|
| <b>Net cash inflow from operating activities</b>                                   | 29    | 14,086        | 7,950         |
| <b>Returns on investments and servicing of finance</b>                             |       |               |               |
| Interest received                                                                  |       | -             | 25            |
| Interest paid                                                                      |       | (4,725)       | (3,066)       |
| <b>Net cash outflow from returns on investments and servicing of finance</b>       |       | (4,725)       | (3,041)       |
| <b>Capital expenditure and financial investment</b>                                |       |               |               |
| Purchase of tangible fixed assets                                                  |       | (9,765)       | (3,538)       |
| Sale of tangible fixed assets                                                      |       | 385           | 7,662         |
| <b>Net cash (outflow)/inflow from capital expenditure and financial investment</b> |       | (9,380)       | 4,124         |
| <b>Acquisitions and disposals</b>                                                  |       |               |               |
| Proceeds from sale of subsidiary                                                   |       | (146)         | 4,080         |
| <b>Net cash inflow from disposals</b>                                              |       | (146)         | 4,080         |
| <b>Net cash (outflow)/inflow before financing</b>                                  |       | (165)         | 13,113        |
| <b>Financing</b>                                                                   |       |               |               |
| Capital payments under finance leases                                              |       | (5,384)       | (4,001)       |
| Repayment of term bank loan                                                        |       | (1,663)       | (287)         |
| Minority interest share purchase                                                   |       | -             | 2,500         |
| <b>Net cash outflow from financing</b>                                             |       | (7,047)       | (1,788)       |
| <b>(Decrease)/increase in cash</b>                                                 | 30    | (7,212)       | 11,325        |

# **Parkburn Limited**

## **Notes to the Financial Statements for the 52 weeks ended 28 March 2009**

### **1. Principal accounting policies**

#### **Basis of preparation**

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. 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 28 March 2009. The comparative period is for the 53 weeks ended 29 March 2008. A summary of the principal accounting policies is set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

#### **Basis of consolidation**

The consolidated profit and loss account, balance sheet and cash flow statement include the financial statements of Parkburn ("the Company") and its subsidiary undertakings, together ("the Group") for the 52 weeks ended 28 March 2009.

Subsidiaries are entities over which the Company has power to govern the financial and operating policies. Control is presumed to exist where the Company owns more than half of the voting rights. The consolidated financial statements includes all the assets, liabilities, revenues, expenses and cash flows of the parent and its subsidiaries, after eliminating inter-company balances and transactions.

The Company uses the purchase method of accounting to consolidate subsidiaries. On acquisition, the identifiable assets, liabilities and contingent liabilities being acquired are measured at their fair values at the date of acquisition. Accounting policies are changed where necessary to bring them into line with those adopted by the Group.

#### **Turnover**

Turnover, which excludes value added tax and trade discounts, comprises sales (excluding intra-group sales) of coal, property rental income and other external sales.

A large proportion of the Group's production is sold under medium to long-term contracts to the UK generators. Turnover is only recognised on individual sales when all of the significant risks and rewards of ownership have been transferred to a third party. The sales contracts generally allow for an adjustment to sales price based on a survey of the coal by the customer and accordingly the sales turnover is based on the most recently determined estimate of product specifications.

Rental income is recognised during the period in which the rents due to the Group accrue.

#### **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 52 weeks ended 28 March 2009 (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. 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 | 2 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**

Overburden is removed during the initial development of a mine site in order to access the coal reserves. This activity is referred to as 'surface mine development'. The directly attributable costs (inclusive of an allocation of relevant overhead expenditure) are capitalised within tangible fixed assets. Capitalisation of surface mine development costs ceases at the time that saleable coal is produced. This asset is charged to the profit and loss account over the coaling life of the site on a coal extraction basis.

##### **Deferred stripping costs – new accounting policy (note 32)**

Stripping commences at the time that saleable coal begins to be extracted from the surface mine and normally continues throughout the life of a surface mine. The costs of stripping are charged to the profit and loss account at a constant rate as operating costs when the ratio of overburden to coal extracted for an area of interest is expected to be constant throughout its estimated life. When the ratio of overburden to coal is not expected to be constant, stripping costs are deferred and accounted for as follows:-

- All costs are initially charged to the profit and loss account and classified as operating costs;
- When the current ratio of overburden to coal is greater than the estimated life-of-mine ratio, a portion of the deferred stripping costs is capitalised to 'deferred stripping costs';
- In subsequent years when the ratio of overburden to coal is less than the estimated life-of-mine ratio, a portion of capitalised deferred stripping costs is charged to the profit and loss account as operating costs.

The amount of deferred stripping costs capitalised or charged in a financial year is determined so that the deferred stripping expense for the financial year reflects the estimated life-of-mine ratio. Changes to the estimated life-of-mine ratio are accounted for prospectively from the date of change.

## **Parkburn Limited**

### **Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)**

#### **1. Principal accounting policies (continued)**

##### **Investments**

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

Investments are stated at cost less any provisions for impairment. Impairment is tested on an annual basis by an appropriate individual within the finance department.

##### **Leases and hire purchase contracts**

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

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 are valued at the lower of cost and net realisable value. Values of spares and consumables are on average purchase price. Appropriate provisions are made for slow moving and obsolete stock. Coal is recognised as stock when delivered to surface stockpile and is valued at average cost of extraction. Appropriate provisions are made for coal quality.

##### **Restoration and rehabilitation costs**

The mining and extraction activities of the Group normally give rise to obligations for site restoration or rehabilitation. Restoration and rehabilitation works can include site decommissioning and dismantling and site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and the company's environmental policies.

Provisions for the cost of each site restoration and rehabilitation are recognised at the commencement of site mining activities. When the anticipated level of mining activity increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all restoration and rehabilitation activity expected to occur progressively over the life of the operation and at the time of restoration in connection with surface mining activity at the reporting date.

The timing of the actual restoration and rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the site, the operating licence conditions and the environment in which the mine operates. Expenditure may occur before and after closure and can continue for an extended period of time dependent on closure and rehabilitation requirements.

## **Parkburn Limited**

### **Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)**

#### **1. Principal accounting policies (continued)**

##### **Restoration and rehabilitation costs (cont)**

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each site. Significant judgements and estimates are involved in forming expectation of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing planning requirements or management's future development plans which give rise to a constructive obligation.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of restoration and rehabilitation activities is recognised as 'restoration assets' within property, plant and equipment before being charged to the profit and loss account on a coal extraction basis over the life of the site. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in 'other finance costs'.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost of the related assets, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the profit and loss account. In the case of closed sites, changes to estimated costs are recognised immediately in the profit and loss account. Changes to the capitalised cost result in an adjustment to future amortisation and financial charges. Adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. *Factors influencing those changes include:*

- Revisions to estimated reserves, resources and lives of sites;
- Planning requirements and management's development plans;
- Changes in the estimated extent and costs of anticipated activities, including the effects of inflation;
- Movements in interest rates affecting the discount rate applied.

##### **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 closed 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.

## Parkburn Limited

### Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

#### 1. Principal accounting policies (continued)

##### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events 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.

#### 2. Turnover

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

|                        | 2009<br>£'000  | 2008<br>£'000  |
|------------------------|----------------|----------------|
| Coal mining            | 143,376        | 111,568        |
| Property rental income | 139            | 206            |
|                        | <u>143,515</u> | <u>111,774</u> |

#### 3. Net operating expenses

|                                                   | 2009<br>£'000 | Restated<br>2008<br>£'000 |
|---------------------------------------------------|---------------|---------------------------|
| Administrative expenses                           | 7,565         | 6,614                     |
| Amortisation of intangible fixed assets (note 16) | 557           | 557                       |
| Less: other operating income                      | (1,082)       | (835)                     |
| Total operating expenses                          | <u>7,040</u>  | <u>6,336</u>              |

#### 4. Exceptional operating expenses

Administrative expenses in the 52 weeks ended 28 March 2009 include costs that relate to professional fees of £267,000 which relate to the financial restructuring of the Group and IFRS conversion as detailed within SRG Group Limited consolidated financial statements. These are considered exceptional and one-off in nature.

Administrative expenses in the 53 weeks ended 29 March 2008 include costs that relate to professional fees of £627,602 that relates to the financial restructuring of the Group and are considered exceptional and one-off in nature. Administrative expenses in the 53 weeks ended 29 March 2008 also includes a £400,000 fine that relates to a health and safety breach of regulations.

# Parkburn Limited

## Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

### 5. Operating loss

|                                                                    | 2009<br>£'000 | Restated<br>2008<br>£'000 |
|--------------------------------------------------------------------|---------------|---------------------------|
| Operating loss is stated after charging:-                          |               |                           |
| Depreciation (note 17):-                                           |               |                           |
| Tangible fixed assets under finance leases                         | 3,063         | 1,518                     |
| Tangible owned fixed assets                                        | 4,890         | 2,858                     |
| Amortisation of deferred opencast expenditure                      | 4,616         | 3,204                     |
| Amortisation of deferred stripping costs and<br>Restoration assets | 6,462         | 2,795                     |
| Amortisation of intangible fixed asset (note 16)                   | 557           | 557                       |
| Auditors remuneration for:-                                        |               |                           |
| Audit services                                                     | 120           | 162                       |
| Audit services – company only                                      | 4             | -                         |
| Taxation services                                                  | 55            | 72                        |
| Pensions advisory                                                  | 9             | 52                        |
| Consultancy services                                               | 90            | 187                       |
| Hire of plant and machinery                                        | 10,472        | 9,703                     |
| Operating lease charges – plant and machinery                      | 5,105         | 2,915                     |

### 6. Employee Information

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

|                       | 2009<br>No.   | 2008<br>No.   |
|-----------------------|---------------|---------------|
| By activity           |               |               |
| Mining operations     | 683           | 559           |
| Administrative staff  | 69            | 56            |
|                       | <u>752</u>    | <u>615</u>    |
|                       | 2009<br>£'000 | 2008<br>£'000 |
| Staff costs           |               |               |
| Wages and salaries    | 27,321        | 22,290        |
| Social security costs | 2,930         | 2,283         |
| Pensions              | 1,152         | 980           |
|                       | <u>31,403</u> | <u>25,553</u> |

### 7. Directors' emoluments

The Directors did not receive any remuneration for their services to the Company during the financial year (2008: nil).

### 8. Gain on sale of fixed assets

The profit on sale of tangible assets in the 53 weeks ended 29 March 2008 is primarily due to the sale of surplus non-operational land at Poniel and Spireslack.

## Parkburn Limited

### Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

#### 9. Interest receivable and similar income

|                | 2009<br>£'000 | 2008<br>£'000 |
|----------------|---------------|---------------|
| Other interest | -             | 25            |
|                | <u>-</u>      | <u>25</u>     |

#### 10. Interest payable and similar charges

|                                               | 2009<br>£'000 | Restated<br>2008<br>£'000 |
|-----------------------------------------------|---------------|---------------------------|
| Interest payable on bank loans and overdrafts | 2,232         | 2,614                     |
| Interest payable on hire purchase contracts   | 1,307         | 426                       |
| Other interest payable                        | 341           | 26                        |
|                                               | <u>3,880</u>  | <u>3,066</u>              |

#### 11. Other finance costs

|                                               | 2009<br>£'000 | Restated<br>2008<br>£'000 |
|-----------------------------------------------|---------------|---------------------------|
| Pension charges (note 35)                     | 357           | 224                       |
| Unwinding of discount on provisions (note 23) | 977           | 2,148                     |
|                                               | <u>1,334</u>  | <u>2,372</u>              |

#### 12. Exceptional other 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.

## Parkburn Limited

### Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

#### 13. Tax on (loss)/profit on ordinary activities

|                                                     | 2009<br>£'000  | Restated<br>2008<br>£'000 |
|-----------------------------------------------------|----------------|---------------------------|
| Current tax:                                        |                |                           |
| UK corporation tax on profits for the period        | 676            | -                         |
| Deferred tax:                                       |                |                           |
| - Origination and reversal of temporary differences | (2,933)        | 732                       |
| Total tax (credit)/charge                           | <u>(2,257)</u> | <u>732</u>                |

The tax assessed for the year is higher (2008: lower) than the standard rate applying in the UK 28.02% (2008:30%). The differences are explained below:-

|                                                                                                                         | 2009<br>£'000 | Restated<br>2008<br>£'000 |
|-------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------|
| (Loss)/profit on ordinary activities before tax                                                                         | (9,183)       | 305                       |
| (Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.02% (2008: 30%) | (2,571)       | 92                        |
| Effects of:-                                                                                                            |               |                           |
| Expenses not deductible for tax purposes                                                                                | 395           | (527)                     |
| Chargeable gains                                                                                                        | 16            | (151)                     |
| Depreciation in excess of capital allowances                                                                            | (3,390)       | 2,435                     |
| Other timing differences                                                                                                | 6,226         | (1,849)                   |
| Tax charge for year                                                                                                     | <u>676</u>    | <u>-</u>                  |

#### 14. Loss 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 £13,000 (2008: £nil).

## Parkburn Limited

### Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

#### 15. Minority interest

|                                            | 2009<br>£'000  | Restated<br>2008<br>£'000 |
|--------------------------------------------|----------------|---------------------------|
| Loss on ordinary activities after taxation | (6,926)        | (427)                     |
| Add back goodwill amortisation             | 557            | 557                       |
|                                            | <u>(6,369)</u> | <u>130</u>                |
| Minority interest                          | <u>1,988</u>   | <u>(41)</u>               |

#### 16. Intangible assets

| Group            | Goodwill<br>£'000 |
|------------------|-------------------|
| Valuation        |                   |
| At 29 March 2008 | 11,136            |
| Additions        | -                 |
| At 28 March 2009 | <u>11,136</u>     |
| Amortisation     |                   |
| At 29 March 2008 | 4,447             |
| Charge for year  | 557               |
| At 28 March 2009 | <u>5,004</u>      |
| Net book value   |                   |
| At 28 March 2009 | <u>6,132</u>      |
| At 29 March 2008 | <u>6,689</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 52 weeks ended 28 March 2009 (continued)

### 17. Tangible assets- restated

| Group                    | Land and<br>buildings<br>£000 | Plant,<br>Machinery<br>and motor<br>vehicles<br>£000 | Deferred<br>opencast<br>expenditure<br>£000 | Deferred<br>stripping<br>costs and<br>restoration<br>assets<br>£000 | Total<br>£000  |
|--------------------------|-------------------------------|------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------|----------------|
| <b>Cost</b>              |                               |                                                      |                                             |                                                                     |                |
| At 29 March 2008         | 71,419                        | 52,231                                               | 40,806                                      | 31,161                                                              | 195,617        |
| Additions                | 467                           | 25,353                                               | 2,199                                       | 15,946                                                              | 43,965         |
| Transfers                | 106                           | -                                                    | (106)                                       | -                                                                   | -              |
| Disposals                | (119)                         | (4,839)                                              | -                                           | -                                                                   | (4,958)        |
| <b>At 28 March 2009</b>  | <b>71,873</b>                 | <b>72,745</b>                                        | <b>42,899</b>                               | <b>47,107</b>                                                       | <b>234,624</b> |
| <b>Depreciation</b>      |                               |                                                      |                                             |                                                                     |                |
| At 29 March 2008         | 2,081                         | 29,874                                               | 25,335                                      | 4,855                                                               | 62,145         |
| Provided during the year | 633                           | 7,320                                                | 4,616                                       | 6,462                                                               | 19,031         |
| Disposals                | -                             | (4,573)                                              | -                                           | -                                                                   | (4,573)        |
| <b>At 28 March 2009</b>  | <b>2,714</b>                  | <b>32,621</b>                                        | <b>29,951</b>                               | <b>11,317</b>                                                       | <b>76,603</b>  |
| <b>Net book amount</b>   |                               |                                                      |                                             |                                                                     |                |
| <b>At 28 March 2009</b>  | <b>69,159</b>                 | <b>40,124</b>                                        | <b>12,948</b>                               | <b>35,790</b>                                                       | <b>158,021</b> |
| <b>At 29 March 2008</b>  | <b>69,338</b>                 | <b>22,357</b>                                        | <b>15,471</b>                               | <b>26,306</b>                                                       | <b>133,472</b> |

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

|                        | 2009<br>£'000 | 2008<br>£'000 |
|------------------------|---------------|---------------|
| Cost                   | 28,035        | 15,592        |
| Aggregate depreciation | (4,271)       | (4,695)       |
|                        | <u>23,764</u> | <u>10,897</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 52 weeks ended 28 March 2009 (continued)

#### 18. Fixed assets investments

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

|                                  | 2009<br>£'000 | 2008<br>£'000 |
|----------------------------------|---------------|---------------|
| Investment in Group undertakings | 19,186        | 18,866        |

The Company holds 68.79% (2008: 68.79%) of the nominal value of shares, being ordinary 50p shares. Fixed asset investments have increased in 2009 to reflect costs arising in respect of prior years, although this does not impact on the percentage of shares held.

The following companies are subsidiaries of Scottish Resources Group Limited and the percentage of shares held by the Group at 28 March 2009.

| Name of undertaking                       | Incorporated | Shares              | % of<br>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 surface mining and sale of coal.

Castlebridge Plant Limited operates principally in Scotland. Its principal business is plant ownership and maintenance with primarily all activities supporting The Scottish Coal Company Limited.

Game Fisheries Limited operates in Scotland. Its principal activity was the management of lochs and farming. Game Fisheries closed its principle fishing site, Loch Fitty, in December 2007.

Scottish Coal Contracts Limited operates principally in England. It currently does not trade with transactions during the period relating to interest on inter-company balances.

Alba Resource Recovery Limited operates in Scotland and is now dormant.

SRG Estates Limited operates principally in Scotland. Its principal business is to manage, regenerate, develop and sell property and land 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 52 weeks ended 28 March 2009 (continued)

### 19. Stocks

| Group                  | 2009         | Restated<br>2008 |
|------------------------|--------------|------------------|
|                        | £'000        | £'000            |
| Coal stocks            | 2,597        | 1,355            |
| Spares and consumables | 3,878        | 4,577            |
| Work in progress       | 326          | 326              |
|                        | <u>6,801</u> | <u>6,258</u>     |

In addition to the above the Group held consignment stock amounting to £507,094 (2008: £260,962) 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                                               | 2009          | Restated<br>2008 |
|-----------------------------------------------------|---------------|------------------|
|                                                     | £'000         | £'000            |
| <b>Amounts falling due after more than one year</b> |               |                  |
| Deferred tax asset (note 24)                        | <u>31,192</u> | <u>28,259</u>    |
| <b>Amounts falling due within one year</b>          |               |                  |
| Trade debtors                                       | 8,184         | 3,246            |
| Deferred consideration                              | 454           | 600              |
| Other debtors                                       | 1,133         | 1,766            |
| Prepayments and accrued income                      | 945           | 2,312            |
|                                                     | <u>10,716</u> | <u>7,924</u>     |

The Company has no debtors.

### 21. Creditors: amounts falling due within one year

|                                            | Group         |                  | Company  |          |
|--------------------------------------------|---------------|------------------|----------|----------|
|                                            | 2009          | Restated<br>2008 | 2009     | 2008     |
|                                            | £'000         | £'000            | £'000    | £'000    |
| Bank overdraft                             | 7,767         | 560              | -        | -        |
| Trade creditors                            | 15,736        | 12,063           | -        | -        |
| Other taxation and social security         | 3,509         | 3,592            | -        | -        |
| Other creditors                            | 302           | 405              | -        | -        |
| Obligations under finance leases (note 22) | 6,924         | 4,297            | -        | -        |
| Bank loan (note 22)                        | 19,000        | 17,163           | -        | -        |
| Accruals and deferred income               | 10,148        | 8,068            | 2        | 2        |
|                                            | <u>63,386</u> | <u>46,148</u>    | <u>2</u> | <u>2</u> |

## Parkburn Limited

### Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

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

|                                  | Group         |               | Company       |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | 2009          | 2008          | 2009          | 2008          |
|                                  | £'000         | £'000         | £'000         | £'000         |
| Bank loan                        | 11,500        | 15,000        | -             | -             |
| Obligations under finance leases | 22,235        | 8,572         | -             | -             |
| Other creditors                  | 16,715        | 16,378        | 16,715        | 16,378        |
|                                  | <u>50,450</u> | <u>39,950</u> | <u>16,715</u> | <u>16,378</u> |

All bank facilities of the company's subsidiary, Scottish Resources Group ("the Group") are secured by fixed securities over the Group's property interests and floating charges over the assets of the company and its subsidiaries, The Scottish Coal Company Limited, Scottish Coal Contracts Limited and Castlebridge Plant Limited.

The current bank and term debt of the Group comprise a £12.5 million overdraft and a £30.5 million term loan facility. The term loan is payable in 16 monthly instalments commencing 30 June 2009 and incurs interest at LIBOR plus 2.5%. The balance of the term loan is repayable on 30 September 2010.

Amounts to Group undertakings are charged interest at an annual rate of 6% and there is no repayment date or security on such balances.

|                              | 2009          | 2008          |
|------------------------------|---------------|---------------|
|                              | £'000         | £'000         |
| In the first year (note 21)  | 19,000        | 17,163        |
| In the second to fifth years | 11,500        | 15,000        |
|                              | <u>30,500</u> | <u>32,163</u> |

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

|                              | 2009          | 2008          |
|------------------------------|---------------|---------------|
|                              | £'000         | £'000         |
| In the first year (note 21)  | 6,924         | 4,297         |
| In the second to fifth years | 22,235        | 8,572         |
|                              | <u>29,159</u> | <u>12,869</u> |

Other creditors for the company are interest free loans and can be analysed as follows:-

|                          | 2009          | 2008          |
|--------------------------|---------------|---------------|
|                          | £'000         | £'000         |
| Colin Cornes loan        | 8,650         | 9,097         |
| Number 3 settlement loan | 1,382         | 1,382         |
| Number 3 family fund     | 3,499         | 3,499         |
| Parkhill Estates Limited | 1,212         | 1,200         |
| Vogue Holdings           | 1,200         | 1,200         |
| Bridgetown Plant Limited | 772           | -             |
|                          | <u>16,715</u> | <u>16,378</u> |

## Parkburn Limited

### Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

#### 23. Provisions for liabilities and charges

|                       | Restoration,<br>closure and<br>claims costs<br>£'000 | Provision for<br>surface<br>damage<br>£'000 | Other<br>£'000 | Total<br>£'000 |
|-----------------------|------------------------------------------------------|---------------------------------------------|----------------|----------------|
| As at 29 March 2008   | 44,385                                               | 128                                         | 4,622          | 49,135         |
| Released in year      | (4)                                                  | -                                           | -              | (4)            |
| Utilised in year      | (1,083)                                              | (42)                                        | -              | (1,125)        |
| Unwinding of discount | 977                                                  | -                                           | -              | 977            |
| Increase in discount  | 11,663                                               | -                                           | -              | 11,663         |
| As at 28 March 2009   | 55,938                                               | 86                                          | 4,622          | 60,646         |

Restoration and closure provision relates to the total costs of reinstatement of soil excavation and of surface restoration such as topsoil replacement and landscaping. Restoration costs will be 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 company'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.

Other provisions include amounts in respect of certain land obligations arising as a result of past events. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligations at the balance sheet date and are discounted to present value where the effect is material.

The Company has no provisions for liabilities and charges.

#### 24. Deferred taxation

##### Group

Deferred taxation assets recognised in the financial statements comprises:-

|                                             | 2009<br>£'000 | Restated<br>2008<br>£'000 |
|---------------------------------------------|---------------|---------------------------|
| Capital allowances                          | 18,154        | 26,169                    |
| Losses                                      | 11,796        | 1,347                     |
| On provision and other items                | 1,242         | 743                       |
| Total asset (note 20)                       | 31,192        | 28,259                    |
| Deferred tax on pension liability (note 35) | 1,778         | 1,140                     |
|                                             | 32,970        | 29,399                    |

## Parkburn Limited

### Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

#### 24. Deferred taxation (cont)

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

|                               | 2009<br>£'000 | 2008<br>£'000 |
|-------------------------------|---------------|---------------|
| On provisions and other items | 1,994         | 1,806         |
| Total asset                   | <u>1,994</u>  | <u>1,806</u>  |

Analysis of movements in deferred tax provision is as follows:-

|                                                | 2009<br>£'000 | Restated<br>2008<br>£'000 |
|------------------------------------------------|---------------|---------------------------|
| Opening balance                                | 29,399        | 31,837                    |
| Profit and loss account (note 13)              | 2,933         | (732)                     |
| Statement of total recognised gains and losses | 638           | (1,706)                   |
| Closing balance                                | <u>32,970</u> | <u>29,399</u>             |

#### Company

No deferred taxation has been provided in the Company's accounts (2008: nil).

There are no unprovided amounts of deferred taxation for timing differences in the Company's accounts (2008: nil).

#### 25. Share capital

| Group and Company                                          | 2009<br>£'000 | 2008<br>£'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             |
|                                                            | <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     | 1             | 1             |
|                                                            | <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.

# Parkburn Limited

## Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

### 26. Reserves

| Profit and loss account                            | Group<br>£'000     | Company<br>£'000     |
|----------------------------------------------------|--------------------|----------------------|
| At 29 March 2008 - restated                        | (15,916)           | (14)                 |
| Retained loss for the year after minority interest | (4,938)            | (13)                 |
| Actuarial loss on pension scheme                   | (4,693)            | -                    |
| Deferred tax on actuarial loss                     | 1,314              | -                    |
| At 28 March 2009                                   | <u>(24,233)</u>    | <u>(27)</u>          |
| <br>Revaluation reserve                            | <br>Group<br>£'000 | <br>Company<br>£'000 |
| At 29 March 2008                                   | 35,051             | -                    |
| Reduction in year                                  | (159)              | -                    |
| At 28 March 2009                                   | <u>34,892</u>      | <u>-</u>             |

### 27. Reconciliation of movements in shareholders' funds

| Group                                                       | 2009<br>£'000     | Restated<br>2008<br>£'000 |
|-------------------------------------------------------------|-------------------|---------------------------|
| Loss for the year                                           | (4,938)           | (468)                     |
| Actuarial (loss)/gain on pension scheme                     | (4,693)           | 5,736                     |
| Deferred tax on actuarial (loss)/gain                       | 1,314             | (1,706)                   |
| Net (decrease)/increase relating to the shareholders' funds | <u>(8,317)</u>    | <u>3,562</u>              |
| Opening shareholders' funds                                 | 21,636            | (6,093)                   |
| (Decrease)/increase in revaluation reserve                  | (159)             | 24,167                    |
| Closing shareholders' fund                                  | <u>13,160</u>     | <u>21,636</u>             |
| <br>Company                                                 | <br>2009<br>£'000 | <br>2008<br>£'000         |
| Opening shareholders' funds                                 | 2,487             | 2,487                     |
| Loss for the year                                           | (13)              | -                         |
| Closing shareholders' funds                                 | <u>2,474</u>      | <u>2,487</u>              |

# Parkburn Limited

## Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

### 28. Minority interest

|                                                                      | 2009<br>£'000 | Restated<br>2008<br>£'000 |
|----------------------------------------------------------------------|---------------|---------------------------|
| At 29 March 2008                                                     | 22,800        | 9,297                     |
| Loss for year apportioned to minority interest (note 15)             | (1,988)       | 41                        |
| Increase due to Scottish Resources Group Limited fair value exercise | -             | 10,962                    |
| (Decrease)/increase due to share purchase                            | (161)         | 2,500                     |
| At 28 March 2009                                                     | <u>20,651</u> | <u>22,800</u>             |

### 29. Reconciliation of operating loss to net cash flow from operating activities

|                                                                                       | 2009<br>£'000 | 2008<br>£'000 |
|---------------------------------------------------------------------------------------|---------------|---------------|
| Operating loss                                                                        | (2,978)       | (1,387)       |
| Impact of new deferred stripping cost policy                                          | -             | 2,053         |
| Amortisation of intangible fixed asset                                                | 557           | 557           |
| Depreciation of tangible fixed assets                                                 | 7,953         | 7,580         |
| Amortisation of opencast development, deferred stripping costs and restoration assets | 11,078        | -             |
| Difference between pension charge and cash contributions                              | (2,772)       | (2,576)       |
| (Increase) in stocks                                                                  | (543)         | 101           |
| (Increase) / decrease in debtors                                                      | (4,694)       | (1,114)       |
| Increase in creditors                                                                 | 7,476         | 3,590         |
| Increase in provisions                                                                | (1,991)       | (854)         |
| Net cash inflow from operating activities                                             | <u>14,086</u> | <u>7,950</u>  |

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

|                                           | 2009<br>£'000   | 2008<br>£'000   |
|-------------------------------------------|-----------------|-----------------|
| (Decrease)/increase in cash in the period | (7,212)         | 11,325          |
| Cash inflow from change in debt           | (14,618)        | (6,267)         |
| Movement in net debt in the period        | (21,830)        | 5,058           |
| Opening net debt                          | (45,591)        | (50,649)        |
| Closing net debt                          | <u>(67,421)</u> | <u>(45,591)</u> |

# Parkburn Limited

## Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

### 31. Analysis of net debt

|                               | 2008     | Cash Flow | Non cash charges | 2009     |
|-------------------------------|----------|-----------|------------------|----------|
|                               | £'000    | £'000     | £'000            | £'000    |
| Bank overdraft                | (559)    | (7,203)   | -                | (7,762)  |
| Bank loan due within one year | (17,163) | 1,663     | (3,500)          | (19,000) |
| Bank loan due after one year  | (15,000) | -         | 3,500            | (11,500) |
|                               | (32,722) | (5,540)   | -                | (38,262) |
| Hire purchase agreements      | (12,869) | 5,384     | (21,674)         | (29,159) |
| Total                         | (45,591) | (156)     | (21,674)         | (67,421) |

### 32. Restatement of opening reserves

A new accounting policy was adopted on 25 March 2007 (details of which are explained in note 1 'principal accounting policies' on page 14).

The table below sets out a summary reconciling the company's shareholders' funds as at 29 March 2008 and its opening shareholders' funds upon the adoption of the new accounting policy at 25 March 2007.

|                                                                                             | £'000    |
|---------------------------------------------------------------------------------------------|----------|
| Shareholders' funds as previously reported at 25 March 2007                                 | 19,570   |
| Impact of new deferred stripping cost policy as recorded within tangible fixed assets       | (36,661) |
| Deferred tax implications of above new policy as recorded within debtors due after one year | 10,998   |
| Shareholders' funds as restated at 25 March 2007                                            | (6,093)  |
| Shareholders' funds as previously reported at 29 March 2008                                 | 48,820   |
| Impact of new deferred stripping cost policy as recorded within tangible fixed assets       | (38,714) |
| Deferred tax implications of above new policy as recorded within debtors due after one year | 10,840   |
| Change to minority interest                                                                 | 690      |
| Shareholders' funds as restated at 29 March 2008                                            | 21,636   |

The table below sets out a summary that details the impact of the new deferred stripping cost policy on the profit and loss account as previously reported at 29 March 2008.

|                                                                                                                        | £'000   |
|------------------------------------------------------------------------------------------------------------------------|---------|
| Retained profit for the year as previously reported at 29 March 2008                                                   | 1,053   |
| Impact of new deferred stripping cost policy as recorded within cost of sales                                          | (2,053) |
| Further taxation charge for new deferred stripping cost policy as recorded within tax on profit on ordinary activities | (158)   |
| Change to minority interest                                                                                            | 690     |
| Restated loss for the year at 29 March 2008                                                                            | (468)   |

## Parkburn Limited

### Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

#### 33. Contingent liabilities

|                                            | 2009<br>£'000 | 2008<br>£'000 |
|--------------------------------------------|---------------|---------------|
| Indemnities for restoration bonds          | 38,146        | 27,403        |
| Guarantees in favour of The Coal Authority | 1,199         | 1,707         |
| Other guarantees                           | 6,600         | 7,145         |
|                                            | <u>45,945</u> | <u>36,255</u> |

The restoration bonds and guarantees in favour of The Coal Authority consist of restoration and aftercare agreements entered into in the normal course of business.

The Group may be 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.

#### 34. Financial commitments

At 28 March 2009 the Group had annual commitments under non-cancellable operating leases for plant and machinery expiring as follows:-

|                            | 2009<br>£'000 | 2008<br>£'000 |
|----------------------------|---------------|---------------|
| In the first year          | -             | 2,628         |
| Between one and five years | 20,299        | 6,633         |
|                            | <u>20,299</u> | <u>9,261</u>  |

#### 35. 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.

|                             | 2009<br>£'000 | 2008<br>£'000 |
|-----------------------------|---------------|---------------|
| Defined contribution scheme | <u>883</u>    | <u>735</u>    |

## Parkburn Limited

### Notes to the Financial Statements for the 52 weeks ended 28 March 2009 (continued)

#### 35. Pension schemes (continued)

##### 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 2009, with the following principal assumptions for both schemes:-

##### IWCSSS and IWMPS Combined

|                                                     | 2009 | 2008 |
|-----------------------------------------------------|------|------|
| Rate of price inflation                             | 2.8% | 3.5% |
| Rate of increase in salaries                        | 3.8% | 4.5% |
| Rate of increase in pensions in payment             | 2.8% | 3.5% |
| Discount rate                                       | 6.6% | 6.7% |
| IWCSS scheme:                                       |      |      |
| Life expectancy of current pensioners (from age 60) | 23.8 | 21.9 |
| Life expectancy of future pensioners (from age 60)  | 24.9 | 22.8 |
| IWMP scheme:                                        |      |      |
| Life expectancy of current pensioners (from age 60) | 22.1 | 20.1 |
| Life expectancy of future pensioners (from age 60)  | 23.1 | 21.0 |

# Parkburn Limited

## Notes to the financial statements for the 52 weeks ended 28 March 2009 (continued)

### 35. Pension schemes (continued)

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

|                                      | 2009                                       |                | 2008                                       |                |
|--------------------------------------|--------------------------------------------|----------------|--------------------------------------------|----------------|
|                                      | Long term<br>expected<br>rate of<br>return | Value<br>£'000 | Long term<br>expected<br>rate of<br>return | Value<br>£'000 |
| Equities                             | 8.7%                                       | 11,499         | 8.0%                                       | 17,309         |
| Bonds                                | 4.2%                                       | 19,969         | 4.6%                                       | 19,632         |
| Alternatives                         | 8.7%                                       | 3,111          | 8.0%                                       | 1,320          |
| Property                             | 8.1%                                       | 985            | 7.5%                                       | 688            |
| Cash                                 | 0.5%                                       | 171            | 5.3%                                       | 224            |
| Total market value of assets         |                                            | 35,735         |                                            | 39,173         |
| Present value of scheme liabilities  |                                            | (42,087)       |                                            | (43,247)       |
| Deficit                              |                                            | (6,352)        |                                            | (4,074)        |
| Related deferred tax asset (note 24) |                                            | 1,778          |                                            | 1,140          |
| Net pension liability                |                                            | (4,574)        |                                            | (2,934)        |

Analysis of the combined amount charged to operating profit:-

|                                                      | 2009<br>£'000 | 2008<br>£'000 |
|------------------------------------------------------|---------------|---------------|
| Current service cost                                 | 348           | 407           |
| Less: employee contributions                         | (90)          | (91)          |
| Current service cost (net of employee contributions) | 258           | 316           |

Analysis of the amount debited to other finance charges:-

|                                          |         |         |
|------------------------------------------|---------|---------|
| Expected return on pension scheme assets | 2,503   | 2,372   |
| Interest on pension scheme liabilities   | (2,860) | (2,596) |
| Net return                               | (357)   | (224)   |

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

|                                                                    |         |         |
|--------------------------------------------------------------------|---------|---------|
| Actual return less expected return on pension scheme assets        | (7,344) | (2,049) |
| Experience loss arising on the scheme liabilities                  | (1)     | (1,759) |
| Changes in assumptions underlying the present value of liabilities | 2,652   | 9,544   |
| Actuarial (loss)/gain recognised in STRGL                          | (4,693) | 5,736   |

# Parkburn Limited

## Notes to the financial statements for the 52 weeks ended 28 March 2009 (continued)

### 35. Pension schemes (continued)

Movements in the present value of defined benefit obligations and the fair value of the scheme's assets:

|                                                         | 2009<br>£'000 | 2008<br>£'000 |
|---------------------------------------------------------|---------------|---------------|
| Opening defined benefit obligations                     | 43,247        | 49,505        |
| Current service cost (including employee contributions) | 348           | 407           |
| Interest cost                                           | 2,860         | 2,596         |
| Actuarial losses                                        | (2,651)       | (7,785)       |
| Benefits paid                                           | (1,717)       | (1,476)       |
| Closing defined benefit obligations                     | <u>42,087</u> | <u>43,247</u> |

Changes in plan assets:-

|                                   | 2009<br>£'000 | 2008<br>£'000 |
|-----------------------------------|---------------|---------------|
| Opening fair value of plan assets | 39,173        | 37,343        |
| Expected return on plan assets    | 2,503         | 2,372         |
| Actuarial losses                  | (7,344)       | (2,049)       |
| Employer contributions            | 3,030         | 2,892         |
| Member contributions              | 90            | 91            |
| Benefits paid                     | (1,717)       | (1,476)       |
| Closing fair value of plan assets | <u>35,735</u> | <u>39,173</u> |

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Funding status/net amount recognised | <u>(6,352)</u> | <u>(4,074)</u> |
|--------------------------------------|----------------|----------------|

|                                                         | 2009<br>£'000  | 2008<br>£'000  |
|---------------------------------------------------------|----------------|----------------|
| Movement in deficit during the year                     |                |                |
| Deficit at beginning of year                            | (4,074)        | (12,162)       |
| Current service cost (including employee contributions) | (348)          | (407)          |
| Contributions                                           | 3,120          | 2,983          |
| Other finance charges                                   | (357)          | (224)          |
| Actuarial gain                                          | (4,693)        | 5,736          |
| Deficit at end of year                                  | <u>(6,352)</u> | <u>(4,074)</u> |

# Parkburn Limited

## Notes to the financial statements for the 52 weeks ended 28 March 2009 (continued)

### 35. Pension schemes (continued)

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

|                                                                        | 2009           | 2008           | 2007            | 2006            | 2005            |
|------------------------------------------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| Difference between expected and actual return on scheme assets (£'000) | (7,344)        | (2,049)        | (729)           | 4,010           | 788             |
| Percentage of scheme assets                                            | 20.6%          | 5.2%           | 2.0%            | 11.7%           | 3.1%            |
| Experience loss on scheme liabilities amount (£'000)                   | (1)            | (1,759)        | (60)            | (171)           | (335)           |
| Percentage of scheme liabilities                                       | 0.0%           | 4.1%           | 0.1%            | 0.3%            | 0.8%            |
| Present value of scheme liabilities                                    | (42,087)       | (43,247)       | (49,505)        | (49,805)        | (42,443)        |
| Fair value of scheme assets                                            | 35,735         | 39,173         | 37,343          | 34,301          | 25,177          |
| Funding deficit                                                        | <u>(6,352)</u> | <u>(4,074)</u> | <u>(12,162)</u> | <u>(15,504)</u> | <u>(17,266)</u> |

The Company has no pension liability.

### 36. (Loss)/profit on sale of business

The loss on sale of business of £146,000 in 2009 relates to a reduction in the deferred consideration for the business sale as recorded in the 2008 financial statements. On 28 August 2007, the Group entered into a contract for the sale of the entire share capital of Scottish BioFuel Limited to Infinis Limited. In addition, certain operating assets, liabilities and employees were transferred. This contract was subject to 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.

## Parkburn Limited

### Notes to the financial statements for the 52 weeks ended 28 March 2009 (continued)

#### 37. Related Party Disclosures

The related party transactions were as follows:-

|                          |                                                    | 2009                                    |                                                  | 2008                                    |                                                  |
|--------------------------|----------------------------------------------------|-----------------------------------------|--------------------------------------------------|-----------------------------------------|--------------------------------------------------|
|                          |                                                    | Value of sales/<br>(purchases)<br>£'000 | Receivable/<br>(payable) at<br>year end<br>£'000 | Value of sales/<br>(purchases)<br>£'000 | Receivable/<br>(payable) at<br>year end<br>£'000 |
| Related Party            | Nature of transactions                             |                                         |                                                  |                                         |                                                  |
| Bridgetown Plant Ltd.    | Plant hire, management services and labour charges | (578)                                   | (493)                                            | (594)                                   | (625)                                            |
| Vogue Holdings           | Property rental                                    | (79)                                    | -                                                | (54)                                    | 1                                                |
| Parkhill Estates         | Labour and Management services                     | (720)                                   | (524)                                            | (839)                                   | (899)                                            |
| Alarm Protection Limited | Security                                           | (251)                                   | (23)                                             | (510)                                   | (23)                                             |

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.

#### 38. Ultimate Parent Undertaking

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