

Report and Financial Statements

Year ended 30 September 2011



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Officers and advisors	1
Report of the Directors	2
Report of the Independent auditor	5
Profit and loss account	6
Balance Sheet	7
Notes to the financial statements	8

HJ Banks (Mining) Limited
Company Number 2903354

Officers and advisors

Directors

H J Banks
N A Brown
F Styles
R J Dunkley
J Donnelly
GA Styles

Secretary

D J Martin

Registered office

Inkerman House
St John's Road
Meadowfield
DH7 8XL

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

HJ Banks (Mining) Limited Company Number 2903354

Report of the Directors

The directors present their report together with the audited financial statements for the year ended 30 September 2011

Principal Activity

The principal activity of the company throughout the prior year was the provision of opencast coal mine contracting and plant hire for other Group companies in the Banks Group. On 1 October 2010 all of the company's trade, assets and liabilities were hived up into HJ Banks & Company Limited. See note 20.

Review of Business

	2011	2010
	£'000	£'000
Turnover	-	31,281
Profit for the financial year	-	5,565
Equity shareholders' funds	7,321	19,598

Results, trading and dividend

The results for the year and the financial position of the company are as shown in the annexed financial statements. The company is dormant following the hive up of the trade and assets to H J Banks & Company Limited. A dividend of £12,276,902 was paid in the year (2010 nil).

Directors

- H J Banks
- N A Brown
- F Styles
- R J Dunkley
- J Donnelly
- GA Styles (appointed 19 October 2010)

Report of the Directors (continued)

Responsibilities of the directors

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 period. 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 of the profit or loss for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

HJ Banks (Mining) Limited
Company Number 2903354

Report of the Directors (continued)

Auditors

Ernst & Young LLP were auditors of the company during the year and have expressed their willingness to continue in office

On behalf of the Board



D J Martin
Company Secretary

28 march 2012

Independent auditor's report to the members of H J Banks (Mining) Limited

We have audited the company's financial statements for the year ended 30 September 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

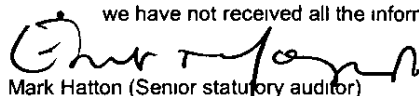
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
 - the financial statements are not in agreement with the accounting records and returns, or
 - certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Mark Hatton (Senior statutory auditor)
Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

28 March 2012

HJ Banks (Mining) Limited
Company Number 2903354

Profit and loss account for the year ended 30 September 2011

		2011	2010
	Notes	£'000	£'000
Continuing operations			
Turnover	1	-	31,281
Cost of sales		-	(18,666)
Gross profit		-	12,615
Administrative expenses		-	(4,457)
Operating profit	3	-	8,158
Interest payable and similar charges	5	-	(653)
Profit on ordinary activities before taxation		-	7,505
Tax on profit on ordinary activities	6	-	(1,940)
Profit for the financial year		-	5,565

The company had no recognised gains or losses in the year other than those included in the profit and loss account set out above

The notes form part of these financial statements

HJ Banks (Mining) Limited
Company Number 2903354

Balance Sheet as at 30 September 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible fixed assets	8	-	19,514
Current assets			
Stocks	9	-	485
Debtors	10	7,321	3,214
		7,321	3,699
Creditors			
Amounts falling due within one year	11	-	(2,952)
Net current assets/liabilities		7,321	747
Total assets less current liabilities		-	20,261
Provision for liabilities	12	-	(663)
Net assets		7,321	19,598
Capital and reserves			
Called up share capital	13	7,321	7,321
Profit and loss account	14	-	12,277
Equity shareholders funds	15	7,321	19,598

The financial statements were approved and authorised for issue by the directors on 28 March 2012 and were signed on its behalf by


R J Dunkley
Director

The notes form part of these statements

Notes to the financial statements for the year ended 30 September 2011

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

b) Cash flow statement

The company is a wholly owned subsidiary of HJ Banks and Company Limited and is included in the consolidated financial statements of that company, which are publically available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1

c) Turnover

Income from opencast coal mine contracting and plant hire is recognised as it is invoiced. Revenue is measured at the fair value of the consideration received or receivable excluding VAT. Turnover consists entirely of sales made in the United Kingdom

d) Tangible fixed assets

Depreciation is provided on a straight line basis at rates which will write off the cost of assets over their estimated useful lives which are

Plant and machinery	3 to 13 years
Fixtures, fittings, tools and equipment	3 to 4 years

e) Stocks

Fuel and spare parts are valued at the lower of cost or net realisable value after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure

Notes to the financial statements for the year ended 30 September 2011 (continued)

2. Staff Costs

Directors' remuneration

The directors of the company are also directors of the immediate parent company and/or the ultimate parent company and/or fellow subsidiaries. The directors received total remuneration for the year of £913,000 (2010 £623,000), all of which was paid by the ultimate parent company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the immediate parent and/or fellow subsidiary companies. The number of directors to whom retirement benefits are accruing under the defined contribution scheme is 4 (2010 5).

Employee costs

	2011 £'000	2010 £'000
Wages and salaries	-	5,608
Social security costs	-	592
Pension costs	-	102
	-	6,302

The average number of employees during the period was as follows

	2011 Number	2010 Number
Office and management	-	16
Production	-	150
	-	166

HJ Banks (Mining) Limited
Company Number 2903354

Notes to the financial statements for the year ended 30 September 2011 (continued)

3. Operating profit

Operating profit is arrived at after charging/(crediting)

	2011 £'000	2010 £'000
Depreciation of owned fixed assets	-	2,749
Operating lease rental for plant and equipment	-	408
Profit on disposal of fixed assets	-	(43)

4. Auditor's remuneration

	2011 £'000	2010 £'000
Audit of the financial statements - company	-	18

The audit fee of £1,000 was borne by the ultimate parent company

5. Interest payable

	2011 £'000	2010 £'000
Group interest	-	653

Notes to the financial statements for the year ended 30 September 2011 (continued)

6. Taxation

6a. Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2011 £'000	2010 £'000
Payments in respect of tax losses received from Group companies	-	1,631
Adjustments in respect of previous periods		
Overprovision for payments due for tax losses received from Group companies	-	(326)
Current taxation (note 6b)	-	1,305
Deferred taxation in period		
Origination and reversal of timing differences (note 12)	-	635
	-	1,940

6b. Factors affecting the tax charge

The tax assessed for the year is the same as (2010 higher than) the standard rate of corporation tax in the UK of 27% (2010 28%) The difference is explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	-	7,505
Profit on ordinary activities at 27% (2010 28%)	-	2,101
Tax losses carried forward	-	-
Expenses not deductible for tax purposes	-	-
Accelerated capital allowances	-	(470)
Adjustments to tax charge in respect of prior periods	-	(326)
Current taxation (note 6a)	-	1,305

Notes to the financial statements for the year ended 30 September 2011 (continued)

7. Dividend

	2011 £'000	2010 £'000
Equity ordinary shares of £1 each		
Interim 2011	12,277	-

8. Tangible Fixed Assets

	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost			
01 October 2010	41,852	228	42,080
Transfer to Group company	(41,852)	(228)	(42,080)
30 September 2011	-	-	-
Depreciation			
01 October 2010	22,377	189	22,566
Transfer to Group company	(22,377)	(189)	(22,566)
30 September 2011	-	-	-
Net book value			
30 September 2011	-	-	-
30 September 2010	19,475	39	19,514

9. Stocks

	2011 £'000	2010 £'000
Fuel and spare parts	-	485

HJ Banks (Mining) Limited
Company Number 2903354

Notes to the financial statements for the year ended 30 September 2011 (continued)

10. Debtors

	2011	2010
	£'000	£'000
Trade debtors	-	38
Amounts owed by Group undertakings	7,321	2,309
Corporation tax	-	-
Other debtors	-	867
	<u>7,321</u>	<u>3,214</u>

11. Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Trade creditors	-	2,435
Accruals and deferred income	-	517
	<u>-</u>	<u>2,952</u>

12. Provision for liabilities

Deferred tax

	£'000
01 October 2010	663
Transferred	(663)
<u>30 September 2011</u>	<u>-</u>

	2011	2010
	£'000	£'000
The deferred tax liability is made up as follows		
Accelerated capital allowances	-	663

HJ Banks (Mining) Limited
Company Number 2903354

Notes to the financial statements for the year ended 30 September 2011 (continued)

13. Called up share capital

	Authorised 2011 £	Authorised 2010 £	Allotted, issued and fully paid 2011 £	Allotted, issued and fully paid 2010 £
Ordinary shares of £1 each	10,000,000	10,000,000	7,321,412	7,321,412
	Number	Number	Number	Number
Ordinary shares of £1 each	10,000,000	10,000,000	7,321,412	7,321,412

14. Reserves

	Profit and loss account £'000
01 October 2010	12,277
Profit for the financial year	-
Dividends	(12,277)
At 30 September 2011	-

15. Equity Shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	-	5,565
Dividends	(12,277)	-
Net change in shareholders' funds	(12,277)	5,565
Opening shareholders' funds	19,598	14,033
Closing Shareholders' funds	7,321	19,598

Notes to the financial statements for the year ended 30 September 2011 (continued)

16. Pension commitments

Group companies contribute to money purchase schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Pension contributions payable to the funds for the year amounts to £nil (2010 £102,000). There were no outstanding contributions at 30 September 2011 (2010 nil).

17. Ultimate parent company

The company is a wholly owned subsidiary of HJ Banks and Company Limited, which itself is a wholly owned subsidiary of The Banks Group Limited, the ultimate holding company. Both these companies are incorporated in England. The parent company of the smallest Group for which Group accounts are prepared is H J Banks and Company. The parent of the largest Group for which Group financial statements are prepared is The Banks Group Limited. Mr HJ Banks is the controlling party by virtue of his controlling interest in the equity share capital of The Banks Group Limited.

18. Contingent liabilities

HSBC plc holds fixed and floating charges over all the assets of The Banks Group Limited and its subsidiary companies. At the balance sheet date the potential liability was £21,117,000 (2010 £21,510,537).

For VAT purposes a Group registration scheme is in operation. Under these arrangements there is a joint and several liability among the companies in the Group for amounts owed to HM Revenue and Customs.

19. Related party disclosures

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with The Banks Group Limited and its subsidiaries.

Notes to the financial statements for the year ended 30 September 2011 (continued)

20. Hive up

On 1 October 2010 all of the trade, assets and liabilities of the company were hived up into HJ Banks & Company Limited. The assets and liabilities were transferred at net book value, the directors believe this represented fair value for the items transferred.

Transferred at 1 October 2010	£,000
Tangible fixed assets	19,514
Stock	485
Debtors	3,214
Current liabilities	(2,952)
Provision for liabilities	(663)
	19,598
Consideration – intercompany loan	(19,598)
	-
