



By Appointment to Her Majesty The Queen
Woodland Tree and Shrub Nurserymen

ALBA TREES plc



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COMPANIES HOUSE

Directors' Report and Financial Statements
for the year ended 31st August 2011

Company Registration No 2188633 (England and Wales)

Company Registration No 2188633 (England and Wales)

ALBA TREES PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

ALBA TREES PLC

COMPANY INFORMATION

Directors	R Shearer J R K Glen C M Hyde A Wiseman
Secretary and Registrars	S J F Hendry MBM Commercial LLP 5th Floor 7 Castle Street Edinburgh EH2 3AH
Company number	2188633
Registered office	Regent House 316 Beulah Hill London SE19 3HF
Auditors	Geoghegans Chartered Accountants 6 St Colme Street Edinburgh EH3 6AD
Business address	Lower Winton Gladsmuir East Lothian EH33 2AL
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ
Solicitors	Biggart Baillie 310 St Vincent Street Glasgow G2 5QR

ALBA TREES PLC

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ALBA TREES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2011

The directors present their report and financial statements for the year ended 31 August 2011

Principal activities and review of the business

The company produces high quality cell-grown plants for commercial forestry and new native woodland creation, as well as the landscape and conservation sectors. Corporate tree gifts and promotions are now an established part of the company's turnover. Trees and shrubs are sold to other nurseries for growing on.

Risks:

Pest and disease

The incidence of pest and disease in UK trees has increased dramatically in recent years. *Phytophthora ramorum* ("Sudden Oak Death") has resulted in the cessation of us growing Japanese Larch, but poses little risk to UK oak trees. This disease can also affect many other conifer species and broadleaves are similarly at risk from other pest and diseases. However, most of these primarily affect our markets rather than trees on the nursery and could even lead to increased sales as we replace infected, mature trees.

However, the dramatic increase in pest or disease incidence poses a pervasive, unknown risk to the company as indicated by the detection of Red Band Needle Blight (*Dothistroma septosporum*) for the second consecutive year on other UK nurseries, leading to the destruction of 1.8 million Scots Pine.

Other nurseries

The trade of trees in the retail and landscaping sectors is suffering from a recession which forestry has so far avoided. There is a risk that nurseries supplying the former may diversify into the latter, albeit that the profit margins are much lower. There is a further risk that current forestry nurseries will increase production to supply an increased demand, thus reducing the company's market share. There is only anecdotal evidence that either of these has happened on a very small scale and 2011 is the first year when overall nursery trade has actually increased, so it may be too early to notice any effects.

Legislative Burden

Uncertainty over transitional arrangements of CAP reform remains an area of concern. However, the current woodland planting grant scheme remains inefficient and results in a loss of profit throughout the supply chain. This effect should continue to reduce as the system becomes more efficient.

As the recession has an increasing affect on state budgets, there have been attempts to increase the number of their funding streams. The Agriculture and Horticulture Development Board are attempting to expand their levy scheme to forestry nurseries and there have been calls within Europe to make private nurseries pay for mandatory inspections. These issues are being dealt with by the Nursery Producer's Group, of which the company is an active member.

ALBA TREES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

Key performance indicators

Key performance indicators routinely used by the management team include

- sales volume
- unit price
- labour cost and productivity
- transport cost recovered
- credit control
- cash flow

Results and dividends

Turnover for the year was £2,851,373 from the sale of 7.14 million plants, planting equipment and tree protection products. As shown in the profit and loss account, the company made a profit after taxation of £397,103. A dividend of £86,771 was paid in the year.

Opportunities:

Government grant support

Publicly, the Scottish Parliament maintains its support for increased new planting of both productive and native woodlands. 5,100 ha of new woodland was planted in Scotland in 2011, against a target of 10,000 ha. Interest in woodlands continues to increase in the rest of the UK, but this has not yet resulted in an increase in new woodland creation, which remains at around 3,000 ha per year. However, a new funding scheme in Wales and the recent report by the Forestry Regulation Task Force in England suggest the impetus to increase this figure over the coming years.

CAP reform at an EU level continues with a target implementation date of 2014. The stated focus of the reform is to assure food security, the environment and territorial balance. Indications are that up to 30% of funding for agriculture will be for environmental objectives, including tree planting. The funding stream which currently supports UK forestry should remain broadly static in real terms, although EU member states are to have greater flexibility in apportioning funding streams. Our conclusions are that funding for UK forestry should improve slightly with CAP reform, although the process of reform may result in a temporary reduction in funding.

Biomass

UK interest in Biomass continues to increase, although some payments for the Renewable Heat Incentive (RHI) have been reduced this year. Previous projections on wood fuel supply suggested a UK under-capacity to supply the Biomass demand. Even with the reduction of the RHI, demand is still expected to be strong although the increase is likely to be less dramatic than previously forecasted. In addition, there is at least a 10-year delay between tree planting and supplying the biomass market, so biomass demand is still expected to become an increasing driver of woodland planting in forthcoming years.

Carbon funding

The Woodland Carbon Code was published in 2011, setting UK standards for carbon sequestration. This should legitimise voluntary carbon trading and may become a significant source of funding for UK tree planting. By the end of 2011, the UK government is due to report on making greenhouse gas emission reporting mandatory. It is thought that this may encourage larger companies to report their carbon emissions and so fund UK tree planting as part of their CSR programmes.

High margin products

Value added products, such as tree protection materials and fertiliser, are seen as key to maintaining profitability. An on-line retail outlet has been created during the past year to enable us to meet the small but significant demand for small numbers of trees for private planting and occasional gifts.

ALBA TREES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

Directors

The following directors have held office since 1 September 2010

R Shearer

J P Hepburne Scott

(Resigned 1 January 2011)

B Sutton

(Resigned 25 February 2011)

J R K Glen

C M Hyde

A Wiseman

In accordance with the company's Articles of Association, R Shearer and J R K Glen retire by rotation and, being eligible, offer themselves for re-election

Taxation status

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year

Creditor payment policy

The company aims to pay all its suppliers within a reasonable period of their invoice being received and in any case within the supplier's own standard payment terms. The company has no formal policy relating to payment of creditors. On average, trade creditors at the year end represented 74 (2010 - 34) days' purchases

Auditors

The auditors, Geoghegans, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

ALBA TREES PLC

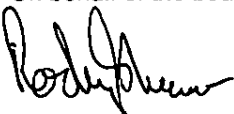
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



R Shearer

Director

21 December 2011

ALBA TREES PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALBA TREES PLC

We have audited the financial statements of Alba Trees plc for the year ended 31 August 2011 set out on pages 7 to 21. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 Directors' Report 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 on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2011 and of its profit 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.

ALBA TREES PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ALBA TREES PLC

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

David Walker (Senior Statutory Auditor)
for and on behalf of Geoghegans

21 December 2011

Chartered Accountants
Statutory Auditor

6 St Colme Street
Edinburgh
EH3 6AD

ALBA TREES PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2011

	Notes	2011 £	2010 £
Turnover	2	2,851,373	2,420,862
Cost of sales		(1,812,286)	(1,560,358)
Gross profit		1,039,087	860,504
Distribution costs		(609,454)	(516,488)
Administrative expenses		(126,855)	(115,026)
Operating profit	3	302,778	228,990
Profit on disposal of tangible fixed assets	6	190,945	-
Profit on ordinary activities before interest		493,723	228,990
Other interest receivable and similar income	4	2,600	1,028
Interest payable and similar charges	5	(11,355)	(15,351)
Profit on ordinary activities before taxation		484,968	214,667
Tax on profit on ordinary activities	7	(87,865)	(61,709)
Profit for the year	18	397,103	152,958

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

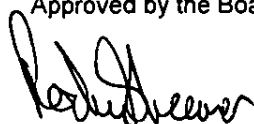
ALBA TREES PLC

BALANCE SHEET

AS AT 31 AUGUST 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	9	731,359		465,050	
Investments	10	3,324		3,324	
		<u>734,683</u>		<u>468,374</u>	
Current assets					
Stocks	11	1,315,104		1,374,327	
Debtors	12	447,538		227,707	
Cash at bank and in hand		441,401		201,287	
		<u>2,204,043</u>		<u>1,803,321</u>	
Creditors: amounts falling due within one year	13	<u>(573,478)</u>		<u>(209,916)</u>	
Net current assets		<u>1,630,565</u>		<u>1,593,405</u>	
Total assets less current liabilities		<u>2,365,248</u>		<u>2,061,779</u>	
Creditors: amounts falling due after more than one year	14	(16,536)		(39,766)	
Provisions for liabilities	15	<u>(19,903)</u>		<u>(3,536)</u>	
		<u>2,328,809</u>		<u>2,018,477</u>	
Capital and reserves					
Called up share capital	17	1,735,512		1,735,512	
Profit and loss account	18	593,297		282,965	
Shareholders' funds	19	<u>2,328,809</u>		<u>2,018,477</u>	

Approved by the Board and authorised for issue on 21 December 2011



R. Shearer
Director

Company Registration No. 2188633

ALBA TREES PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2011

	£	2011 £	£	2010 £
Net cash inflow from operating activities		582,146		216,541
Returns on investments and servicing of finance				
Interest received	2,600		1,028	
Interest paid	(11,355)		(15,351)	
Net cash outflow for returns on investments and servicing of finance		(8,755)		(14,323)
Taxation		(7,899)		26,816
Capital expenditure				
Payments to acquire tangible assets	(405,522)		(75,624)	
Receipts from sales of tangible assets	210,433		-	
Net cash outflow for capital expenditure		(195,089)		(75,624)
Equity dividends paid		(86,771)		(86,771)
Net cash inflow before management of liquid resources and financing		283,632		66,639
Financing				
Capital element of hire purchase contracts	(43,518)		(66,581)	
Net cash outflow from financing		(43,518)		(66,581)
Increase in cash in the year		240,114		58

ALBA TREES PLC

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2011

1	Reconciliation of operating profit to net cash inflow from operating activities	2011	2010
		£	£
	Operating profit	302,778	228,990
	Depreciation of tangible assets	165,762	156,321
	Profit on disposal of tangible assets	(19,488)	-
	Decrease/(increase) in stocks	59,223	(13,894)
	Increase in debtors	(219,831)	(41,812)
	Increase/(decrease) in creditors within one year	336,722	(101,213)
	Consortium relief	(43,020)	(11,851)
	Net cash inflow from operating activities	582,146	216,541

2	Analysis of net funds	1 September 2010	Cash flow	Other non-cash changes	31 August 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	201,287	240,114	-	441,401
	Debt				
	Hire purchase contracts	(83,283)	43,518	-	(39,765)
	Net funds	118,004	283,632	-	401,636

3	Reconciliation of net cash flow to movement in net funds	2011	2010
		£	£
	Increase in cash in the year	240,114	58
	Cash outflow from decrease in debt and hire purchase contracts	43,518	66,581
	Movement in net funds in the year	283,632	66,639
	Opening net funds	118,004	51,365
	Closing net funds	401,636	118,004

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings freehold	Nil
Nursery development	3 to 25 years
Tree growing containers	3 to 10 years
Plant and office equipment	4 to 7 years
Motor vehicles	3 to 5 years

No depreciation is provided on land

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value in the ordinary course of business.

The cost of growing stock includes direct materials, direct wages and attributable overheads based on normal level of activity.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

1 Accounting policies

(continued)

1.8 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 regarded 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 the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

2 Turnover

Turnover is the amount attributable to the sale of plants, associated planting equipment and consultancy services and is stated net of value added tax. An analysis by geographical market is given below

Geographical market

	Turnover	
	2011	2010
	£	£
United Kingdom	2,749,199	2,356,071
Other European Union Countries	102,174	64,791
	<u>2,851,373</u>	<u>2,420,862</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	165,762	156,321
	and after crediting		
	Profit on disposal of tangible assets	(19,488)	-
	Profit on foreign exchange transactions	-	(1)
		<u> </u>	<u> </u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's		
	annual accounts	7,900	7,500
	Corporation tax and other services	7,855	7,750
		<u> </u>	<u> </u>
		15,755	15,250
		<u> </u>	<u> </u>
4	Investment income	2011	2010
		£	£
	Bank interest	2,600	982
	Other interest	-	46
		<u> </u>	<u> </u>
		2,600	1,028
		<u> </u>	<u> </u>
5	Interest payable	2011	2010
		£	£
	On bank loans and overdrafts	4,011	5,321
	Hire purchase interest	7,344	10,030
		<u> </u>	<u> </u>
		11,355	15,351
		<u> </u>	<u> </u>

6 Exceptional Item - Profit on disposal of tangible fixed assets

During November and December 2010 the unprecedented snowfall resulted both in a major disruption to the company's normal business activities but also resulted in extensive damage to the polytunnels and related assets, including the collapse of several structures. An insurance claim was successfully lodged and recovery achieved for both capital and revenue aspects of the claim.

While both the insurance proceeds and related expenditure of a revenue nature has been accounted for within cost of sales in accordance with the requirements of FRS3, the capital proceeds and resulting profit on disposal of fixed assets has been disclosed as an exceptional item due to its size and nature.

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

7	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	28,480	7,901
	Adjustment for prior years	(2)	(18,416)
	Payment in respect of consortium relief	43,020	11,851
	Total current tax	71,498	1,336
	Deferred tax		
	Deferred tax charge current year	16,367	41,957
	Deferred tax adjust re previous year	-	18,416
		16,367	60,373
		87,865	61,709
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	484,968	214,667
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28 00% (2010 - 28 00%)	135,791	60,107
	Effects of		
	Non deductible expenses	868	564
	Depreciation add back	46,414	43,770
	Capital allowances	(50,754)	(45,114)
	Tax losses utilised	-	(39,575)
	Adjustments to previous periods	(2)	(18,416)
	Adjustment for disposal of tangible fixed assets	(58,921)	-
	Other tax adjustments	(1,898)	-
		(64,293)	(58,771)
	Current tax charge for the year	71,498	1,336
8	Dividends	2011 £	2010 £
	Ordinary interim paid	86,771	86,771

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

9 Tangible fixed assets

	Land and buildings freehold	Nursery development	Tree growing containers	Plant and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2010	22,851	720,494	197,142	400,078	184,610	1,525,175
Additions	-	240,956	52,147	123,685	15,283	432,071
Disposals	-	(23,173)	(85,586)	(88,610)	-	(197,369)
At 31 August 2011	22,851	938,277	163,703	435,153	199,893	1,759,877
Depreciation						
At 1 September 2010	-	575,088	113,767	235,361	135,909	1,060,125
On disposals	-	(23,173)	(85,586)	(88,610)	-	(197,369)
Charge for the year	-	50,522	53,713	43,955	17,572	165,762
At 31 August 2011	-	602,437	81,894	190,706	153,481	1,028,518
Net book value						
At 31 August 2011	22,851	335,840	81,809	244,447	46,412	731,359
At 31 August 2010	22,851	145,406	83,375	164,717	48,701	465,050

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and office equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 August 2011	12,652	30,225	42,877
At 31 August 2010	75,756	42,790	118,546
Depreciation charge for the year			
At 31 August 2011	21,089	12,090	33,179
At 31 August 2010	36,951	18,866	55,817

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

10 Fixed asset investments

	Unlisted investments £
Cost	
At 1 September 2010 & at 31 August 2011	3,324
Net book value	
At 31 August 2011	3,324
At 31 August 2010	3,324

11 Stocks

	2011 £	2010 £
Own stock	1,157,972	1,233,289
Raw materials and work in progress	125,058	114,372
Resale stock	32,074	26,666
	<u>1,315,104</u>	<u>1,374,327</u>

12 Debtors

	2011 £	2010 £
Trade debtors	131,430	212,717
Other debtors	316,108	14,990
	<u>447,538</u>	<u>227,707</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

13 Creditors: amounts falling due within one year	2011	2010
	£	£
Net obligations under hire purchase contracts	23,229	43,517
Trade creditors	377,654	100,886
Amounts owed to parent and fellow subsidiary undertakings	54,950	18,821
Corporation tax	28,480	7,901
Other taxes and social security costs	15,540	12,911
Other creditors	4,487	3,942
Accruals and deferred income	69,138	21,938
	<u>573,478</u>	<u>209,916</u>

The Bank of Scotland holds a standard security over Lower Winton, Hopefield, Gladsmuir, and a debenture over the whole assets of the company for all monies due

14 Creditors: amounts falling due after more than one year	2011	2010
	£	£
Net obligations under hire purchase contracts	<u>16,536</u>	<u>39,766</u>
Net obligations under hire purchase contracts		
Repayable within one year	27,334	50,857
Repayable between one and five years	19,828	47,162
	<u>47,162</u>	<u>98,019</u>
Finance charges and interest allocated to future accounting periods	(7,397)	(14,736)
	<u>39,765</u>	<u>83,283</u>
Included in liabilities falling due within one year	(23,229)	(43,517)
	<u>16,536</u>	<u>39,766</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

15 Provisions for liabilities

	Deferred tax liability £
Balance at 1 September 2010	3,536
Profit and loss account	16,367
	<hr/>
Balance at 31 August 2011	19,903
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The deferred tax liability is made up as follows

	2011 £	2010 £
Accelerated capital allowances	19,903	3,536
	<hr/>	<hr/>

16 Pension costs

Defined Contribution

	2011 £	2010 £
Contributions payable by the company for the year	17,825	19,542
	<hr/>	<hr/>

17 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
200 'A' Ordinary shares of 50p each	100	100
1,735,412 Ordinary shares of £1 each	1,735,412	1,735,412
	<hr/>	<hr/>
	1,735,512	1,735,512
	<hr/>	<hr/>

The 'A' ordinary shares confer in total 0.1% of voting rights, dividend rights and rights to the distribution of surplus assets on a winding up of the company, pro rata to their respective holdings of 'A' ordinary shares. The balance of 99.9% of such rights are conferred to the holders of the ordinary shares pro rata to the respective holdings in the ordinary shares.

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

18 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2010	282,965
Profit for the year	397,103
Dividends paid	(86,771)
Balance at 31 August 2011	<u>593,297</u>

19 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	397,103	152,958
Dividends	(86,771)	(86,771)
Net addition to shareholders' funds	<u>310,332</u>	<u>66,187</u>
Opening shareholders' funds	2,018,477	1,952,290
Closing shareholders' funds	<u>2,328,809</u>	<u>2,018,477</u>

20 Directors' remuneration

	2011 £	2010 £
Remuneration for qualifying services	110,213	174,109
Company pension contributions to defined contribution schemes	7,983	12,240
Sums paid to third parties for directors' services	3,000	7,500
	<u>121,196</u>	<u>193,849</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2010 - 3)

Non executive directors fees of £5,000 (2010 - £7,500) were agreed during the year. These comprised £3,000 (2010 - £Nil) in respect of the provision of services by J R K Glen and A Wiseman, which will be invoiced by Buccleuch Estates Limited, and £2,000 (2010 - £Nil) in respect of C M Hyde which will be invoiced by him personally. Last year fees of £7,500 were paid to Ronaash Limited in respect of the services of P J Church as a director for the year (2011 - £Nil).

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

21 Employees

Number of employees

The average monthly number of employees (including directors but excluding contract labour) during the year was

	2011 Number	2010 Number
Executive directors	2	3
Production and sales	23	22
Administration	2	2
	<u>27</u>	<u>27</u>

Employment costs

	£	£
Wages and salaries	551,497	534,613
Social security costs	50,234	47,323
Other pension costs	17,825	19,542
	<u>619,556</u>	<u>601,478</u>
Contract labour	508,630	400,930
	<u>1,128,186</u>	<u>1,002,408</u>

22 Control

In the directors' opinion, the company's parent company and controlling party is The Buccleuch Estates Limited, a company registered in Scotland

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2011

23 Related party relationships and transactions

Other transactions

Growing frames and engineering works to the value of £34,602 (2010 - £30,176) were purchased in the ordinary course of business and at normal market prices from Buccleuch Estates Limited. Buccleuch Estates Limited also provided professional services (including HR support, Health & Safety advice, IT and Staff Training) during the year to a value of £36,017 (2010 - £23,627). At 31 August 2011 the balance due to Buccleuch Estates Limited was £79,581 (2010 - £6,969).

The company also supplied trees, tree shelters and stakes to Buccleuch Woodlands Limited, Buccleuch Recreational Enterprise Limited and Buccleuch Sporting Limited at normal market prices to the value of £142,019 (2010 - £69,766), £111 (2010 - £43) and £140 (2010 - £Nil) respectively. At 31 August 2011 the balance due from Buccleuch Woodlands Limited, Buccleuch Recreational Enterprise and Buccleuch Sporting Limited was £24,600 (2010 - £Nil), £31 (2010 - £Nil) and £Nil (2010 - £Nil) respectively.

Amounts in respect of consortium relief for corporation tax claimed from Buccleuch Estates Limited £43,020 (2010 - Amounts claimed from Buccleuch Estates Limited and Buccleuch Heritage Brands Limited totalling £11,851).