



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 2012

Company Registration No. 2188633 (England and Wales)

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ALBA TREES PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

ALBA TREES PLC

COMPANY INFORMATION

Directors	R Shearer J R K Glen C M Hyde G A Murray A G Wiseman
Secretary and Registrars	S J F Hendry MBM Commercial LLP 5th Floor 125 Princes Street Edinburgh EH2 4AD
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 2012

The directors present their report and financial statements for the year ended 31 August 2012

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.

Opportunities and risks:

Pest and disease

Ash dieback (*Chalara fraxinea*) has been a high profile disease to affect the UK this year and it follows the recent arrivals of *Phytophthora ramorum* on larch and *Dothistroma Needle Blight* on 3 species of pine. These diseases have reduced our production of the affected species and the slump in demand has caused us to destroy modest numbers of uninfected trees on the nursery. However, the effect has been greater downstream in the industry with significant losses incurred due to the destruction of planted trees or loss of yield of commercial species. Alternates to these affected species are being planted, so the overall effect on sales going forward is broadly neutral. Ash only accounts for 3% of production and so although *Chalara* has been a high profile disease, its effect on our company has been low.

The increased profile of pest and disease within the industry has caused us to look more careful at our biosecurity procedures particularly for seed procurement and treatment. Being in a relatively lightly wooded area, we are at lower risk than other nurseries of contracting many diseases and we have reinforced this advantage by being the only major forest nursery in the UK not to import forest trees. Most of our competitors would struggle to change their business model to 100% own production, which makes us well placed to serve future demand.

Other nurseries

There is always a risk that competitors will increase production or we will lose market share to a new entrant, but we continue to reduce this opportunity for others by closing the industry supply/demand gap.

The Forestry Commission (FC) should be better placed to decide its own future after Westminster has responded to the Independent Forestry Panel's report. It is possible that the FC will once again put their own nursery production out to tender, which may provide opportunity for increased sales for the company of approximately 2 million plants. Even if the FC retain their own nurseries, it is possible that they will contract out some production to the private sector, either due to capacity or plant health reasons.

Forestry grant reform

The EU and devolved UK government co-funded grants which largely fund UK forestry are due to be changed as part of the reform of the EU Common Agricultural Policy (CAP). It is widely predicted that the new policy, due in 2014, will be delayed and cause a hiatus in funding during 2015, which may cause a reduction in forest planting and therefore loss of revenue to the company. However, our cell grown production system provides maximum flexibility for customers and ourselves, significantly widening the planting season window and giving some insurance against grant delays. It is also likely that the results of the reform will favour commercial forestry over native planting, which will necessitate the company changing the species mix to meet demand. Our production systems and local climate ensure that we can change our species mix relatively easily, which will provide us with the necessary agility in the coming years. Although commercial forestry tends to be lower profit than native planting, overall planting rates in the medium term are unlikely to fall and may continue to increase.

ALBA TREES PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2012

Weather and climate

Weather change has already brought its challenges and we have re-invested in new capacities (funded by insurance claims) enabling us to benefit from a more robust growing infrastructure than some of our competitors. As the weather becomes more unpredictable and the climate continues to change, the robust nature of our plants will allow us to retain market share in geographic areas which will become increasingly hostile for tree planting.

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 £2,888,955 from the sale of 6.6 million plants, planting equipment and tree protection products. As shown in the profit and loss account, the company made a profit after taxation of £289,469. A dividend of £104,071 was paid in the year.

Directors

The following directors have held office since 1 September 2011

R Shearer
J R K Glen
C M Hyde
G A Murray (appointed 17 October 2012)
A G Wiseman

In accordance with the company's Articles of Association, G A Murray (appointed 17 October 2012) retires from the Board at the Annual General Meeting and, being eligible offers himself for re-election. C M Hyde retires by rotation and, being eligible also offers himself for re-election.

Charitable donations	2012 £	2011 £
During the year the company made the following payments		
Charitable donations	4,227	713

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.

ALBA TREES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

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 63 (2011 - 74) 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

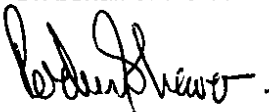
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

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

18 December 2012

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 2012 set out on pages 6 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 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 2012 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



Michael Crerar (Senior Statutory Auditor)
for and on behalf of Geoghegans

18 December 2012

Chartered Accountants
Statutory Auditor

6 St Colme Street
Edinburgh
EH3 6AD

ALBA TREES PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2012

	Notes	2012 £	2011 £
Turnover	2	2,888,955	2,851,373
Cost of sales		(1,980,710)	(1,812,286)
Gross profit		908,245	1,039,087
Distribution costs		(505,172)	(609,454)
Administrative expenses		(139,142)	(126,855)
Operating profit	3	263,931	302,778
Profit on disposal of tangible fixed assets	6	31,120	190,945
Profit on ordinary activities before interest		295,051	493,723
Other interest receivable and similar income	4	2,967	2,600
Interest payable and similar charges	5	(8,549)	(11,355)
Profit on ordinary activities before taxation		289,469	484,968
Tax on profit on ordinary activities	7	(79,386)	(87,865)
Profit for the year	18	210,083	397,103

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

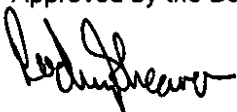
ALBA TREES PLC

BALANCE SHEET

AS AT 31 AUGUST 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	9	724,939		731,359	
Investments	10	3,324		3,324	
		<u>728,263</u>		<u>734,683</u>	
Current assets					
Stocks	11	1,530,102		1,315,104	
Debtors	12	174,304		447,538	
Cash at bank and in hand		496,233		441,401	
		<u>2,200,639</u>		<u>2,204,043</u>	
Creditors: amounts falling due within one year	13	<u>(465,150)</u>		<u>(573,478)</u>	
Net current assets		<u>1,735,489</u>		<u>1,630,565</u>	
Total assets less current liabilities		<u>2,463,752</u>		<u>2,365,248</u>	
Creditors: amounts falling due after more than one year	14	(5,364)		(16,536)	
Provisions for liabilities	15	<u>(22,378)</u>		<u>(19,903)</u>	
		<u>2,436,010</u>		<u>2,328,809</u>	
Capital and reserves					
Called up share capital	17	1,735,512		1,735,512	
Profit and loss account	18	700,498		593,297	
Shareholders' funds	19	<u>2,436,010</u>		<u>2,328,809</u>	

Approved by the Board and authorised for issue on 18 December 2012



R Shearer
Director

Company Registration No 2188633

ALBA TREES PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		409,343		593,997
Returns on investments and servicing of finance				
Interest received	2,967		2,600	
Interest paid	(8,549)		(11,355)	
Net cash outflow for returns on investments and servicing of finance		(5,582)		(8,755)
Taxation		(79,501)		(19,750)
Capital expenditure				
Payments to acquire tangible assets	(175,936)		(405,522)	
Receipts from sales of tangible assets	32,620		210,433	
Net cash outflow for capital expenditure		(143,316)		(195,089)
Equity dividends paid		(102,882)		(86,771)
Net cash inflow before management of liquid resources and financing		78,062		283,632
Financing				
Capital element of hire purchase contracts	(23,230)		(43,518)	
Net cash outflow from financing		(23,230)		(43,518)
Increase in cash in the year		54,832		240,114

ALBA TREES PLC

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2012

1	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	263,931	302,778
	Depreciation of tangible assets	182,356	165,762
	Profit on disposal of tangible assets	(1,500)	(19,488)
	(Increase)/decrease in stocks	(214,998)	59,223
	Decrease/(increase) in debtors	273,234	(219,831)
	(Decrease)/Increase in creditors within one year	(93,680)	305,553
	Net cash inflow from operating activities	409,343	593,997

2	Analysis of net funds	1 September 2011	Cash flow	Other non-cash changes	31 August 2012
		£	£	£	£
	Net cash				
	Cash at bank and in hand	441,401	54,832	-	496,233
	Debt				
	Hire purchase contracts	(39,765)	23,230	-	(16,535)
	Net funds	401,636	78,062	-	479,698

3	Reconciliation of net cash flow to movement in net funds	2012	2011
		£	£
	Increase in cash in the year	54,832	240,114
	Cash outflow from decrease in debt and hire purchase contracts	23,230	43,518
	Movement in net funds in the year	78,062	283,632
	Opening net funds	401,636	118,004
	Closing net funds	479,698	401,636

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012

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 a 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 2012

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 2012 £	2011 £
United Kingdom	2,849,556	2,749,199
Other European Union Countries	39,399	102,174
	<u>2,888,955</u>	<u>2,851,373</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

3	Operating profit	2012	2011
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	182,356	165,762
	Loss on foreign exchange transactions	1,090	-
	and after crediting		
	Profit on disposal of tangible assets	(1,500)	(19,488)
		<u></u>	<u></u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	7,600	7,900
	Corporation tax and other services	7,950	7,855
		<u></u>	<u></u>
		15,550	15,755
		<u></u>	<u></u>
4	Investment income	2012	2011
		£	£
	Bank interest	2,967	2,600
		<u></u>	<u></u>
		2,967	2,600
		<u></u>	<u></u>
5	Interest payable	2012	2011
		£	£
	On bank loans and overdrafts	4,530	4,011
	Hire purchase interest	4,019	7,344
		<u></u>	<u></u>
		8,549	11,355
		<u></u>	<u></u>

6 Exceptional Item - Profit on disposal of tangible fixed assets

As highlighted last year, during November and December 2010, the unprecedented snowfall resulted in a major disruption to the company's business activities and 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.

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 exceptional due to its size and nature. Further capital proceeds were received in the current year in respect of an asset previously assessed as able to be repaired but which had to be replaced.

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2012

7	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U K corporation tax	30,764	28,480
	Adjustment for prior years	1	(2)
	Payment in respect of consortium relief	46,146	43,020
	Total current tax	<u>76,911</u>	<u>71,498</u>
	Deferred tax		
	Deferred tax charge current year	2,475	16,367
		<u>79,386</u>	<u>87,865</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>289,469</u>	<u>484,968</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.00% (2011 - 28.00%)	<u>72,367</u>	<u>135,791</u>
	Effects of		
	Non deductible expenses	636	868
	Depreciation add back	45,589	46,414
	Capital allowances	(34,028)	(50,754)
	Adjustments to previous periods	1	(2)
	Adjustment for disposal of tangible fixed assets	(8,155)	(58,921)
	Other tax adjustments	501	(1,898)
		<u>4,544</u>	<u>(64,293)</u>
	Current tax charge for the year	<u>76,911</u>	<u>71,498</u>
8	Dividends	2012	2011
		£	£
	Ordinary final paid	104,071	86,771
	Ordinary prior years unclaimed	(1,189)	-
		<u>102,882</u>	<u>86,771</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2012

9 Tangible fixed assets

	Land and buildings freehold	Nursery development	Tree growing containers	Plant and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2011	22,851	938,277	163,703	435,153	199,893	1,759,877
Additions	-	49,729	36,176	90,031	-	175,936
Disposals	-	(162,100)	(74,451)	(8,678)	(59,670)	(304,899)
At 31 August 2012	22,851	825,906	125,428	516,506	140,223	1,630,914
Depreciation						
At 1 September 2011	-	602,437	81,894	190,706	153,481	1,028,518
On disposals	-	(162,100)	(74,451)	(8,678)	(59,670)	(304,899)
Charge for the year	-	50,955	49,384	58,037	23,980	182,356
At 31 August 2012	-	491,292	56,827	240,065	117,791	905,975
Net book value						
At 31 August 2012	22,851	334,614	68,601	276,441	22,432	724,939
At 31 August 2011	22,851	335,840	81,809	244,447	46,412	731,359

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 2012	443	18,135	18,578
At 31 August 2011	12,652	30,225	42,877
Depreciation charge for the year			
At 31 August 2012	12,209	12,090	24,299
At 31 August 2011	21,089	12,090	33,179

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2012

10 Fixed asset investments

	Unlisted investments £
Cost	
At 1 September 2011 & at 31 August 2012	3,324
Net book value	
At 31 August 2012	3,324
At 31 August 2011	3,324

11 Stocks

	2012 £	2011 £
Own stock	1,282,526	1,157,972
Raw materials and work in progress	210,443	125,058
Resale stock	37,133	32,074
	<u>1,530,102</u>	<u>1,315,104</u>

12 Debtors

	2012 £	2011 £
Trade debtors	119,456	131,430
Other debtors	54,848	316,108
	<u>174,304</u>	<u>447,538</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2012

13 Creditors: amounts falling due within one year	2012	2011
	£	£
Net obligations under hire purchase contracts	11,171	23,229
Trade creditors	278,980	377,654
Amounts owed to parent and fellow subsidiary undertakings	67,945	54,950
Corporation tax	22,764	28,480
Other taxes and social security costs	16,293	15,540
Other creditors	6,402	4,487
Accruals and deferred income	61,595	69,138
	<u>465,150</u>	<u>573,478</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	2012	2011
	£	£
Net obligations under hire purchase contracts	<u>5,364</u>	<u>16,536</u>
Net obligations under hire purchase contracts		
Repayable within one year	13,397	27,334
Repayable between one and five years	6,431	19,828
	<u>19,828</u>	<u>47,162</u>
Finance charges and interest allocated to future accounting periods	(3,293)	(7,397)
	<u>16,535</u>	<u>39,765</u>
Included in liabilities falling due within one year	(11,171)	(23,229)
	<u>5,364</u>	<u>16,536</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2012

15 Provisions for liabilities

	Deferred tax liability £
Balance at 1 September 2011	19,903
Profit and loss account	2,475
	<u>22,378</u>
Balance at 31 August 2012	<u>22,378</u>

The deferred tax liability is made up as follows.

	2012 £	2011 £
Accelerated capital allowances	<u>22,378</u>	<u>19,903</u>

16 Pension costs

Defined Contribution

	2012 £	2011 £
Contributions payable by the company for the year	<u>17,687</u>	<u>17,825</u>

17 Share capital

	2012 £	2011 £
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
	<u>1,735,512</u>	<u>1,735,512</u>

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 2012

18 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2011	593,297
Profit for the year	210,083
Dividends paid	(102,882)
Balance at 31 August 2012	<u>700,498</u>

19 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	210,083	397,103
Dividends	(102,882)	(86,771)
Net addition to shareholders' funds	<u>107,201</u>	<u>310,332</u>
Opening shareholders' funds	2,328,809	2,018,477
Closing shareholders' funds	<u>2,436,010</u>	<u>2,328,809</u>

20 Directors' remuneration

	2012 £	2011 £
Remuneration for qualifying services	78,775	110,213
Company pension contributions to defined contribution schemes	5,880	7,983
Sums paid to third parties for directors' services	6,000	3,000
	<u>90,655</u>	<u>121,196</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2011 - 1)

Non executive directors fees of £10,000 (2011 - £5,000) were agreed during the year. These comprised £6,000 (2011 - £3,000) in respect of the provision of services by J R K Glen and A Wiseman, which will be invoiced by Buccleuch Estates Limited, and £4,000 (2011 - £2,000) in respect of C M Hyde which will be invoiced by him personally.

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

21 Employees

Number of employees

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

	2012 Number	2011 Number
Executive directors	1	2
Production and sales	26	23
Administration	2	2
	<u>29</u>	<u>27</u>

Employment costs

	£	£
Wages and salaries	613,388	551,497
Social security costs	52,719	50,234
Other pension costs	17,687	17,825
	<u>683,794</u>	<u>619,556</u>
Contract labour	528,892	508,630
	<u>1,212,686</u>	<u>1,128,186</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 2012

23 Related party relationships and transactions

Other transactions

Engineering works to the value of £11,532 (2011 - £34,602) were purchased in the ordinary course of business and at normal market prices from Buccleuch Estates Limited. Buccleuch Estates Limited also provided professional services during the year to a value of £48,082 (2011 - £36,017). At 31 August 2012 the balance due to Buccleuch Estates Limited was £67,945 (2011 - £79,581).

The company also supplied trees, tree shelters and stakes to Buccleuch Woodlands Limited, Buccleuch Recreational Enterprise Limited, Buccleuch Sporting Limited, Buccleuch Estates Limited and Eckford Farming Limited at normal market prices to the value of £302,051 (2011 - £142,019), £108 (2011 - £111), £Nil (2011 - £140), £189 (2011 - £Nil) and £1,306 (2011 - £Nil) respectively. At 31 August 2012 the balance due from Buccleuch Woodlands Limited, Buccleuch Recreational Enterprise Limited, Buccleuch Sporting Limited, Buccleuch Estates Limited and Eckford Farming Limited was £Nil (2011 - £24,600), £Nil (2011 - £31), £Nil (2011 - £Nil), £Nil (2011 - Nil) and £Nil (2011 - Nil) respectively.

Amounts in respect of consortium relief for corporation tax claimed from Buccleuch Estates Limited £46,146 (2011 - Amounts claimed from Buccleuch Estates Limited and Buccleuch Heritage Brands Limited totalling £43,020).