

ALBA TREES plc



Directors' Report and Financial Statements
for the year ended 31st August 2015

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Company Registration No. 2188633 (England and Wales)

ALBA TREES PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

ALBA TREES PLC

COMPANY INFORMATION

Directors	R Shearer C M Hyde D J Mackison 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	DWF LLP 310 St Vincent Street Glasgow G2 5QR

ALBA TREES PLC

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ALBA TREES PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

The directors present the strategic report and financial statements for the year ended 31 August 2015.

Principal activities

The company produces high quality cell-grown plants for commercial forestry and new native woodland creation, as well as the landscape and conservation sectors. Other markets include corporate promotions, online sales and trade with other nurseries.

Review of the business

Financial Year 2014-15 has been another strong year for the company. In 2013-14, results were exceptional due to a large one-year contract and we were expecting a shrinkage in the market going into 2014-15. In fact sales exceeded budget, and the underlying trend is of growth within the UK Forest market.

As the forestry grants available through the Common Agricultural Policy (CAP) came to an end during 2014-15, the market began to shrink and we anticipate a hiatus in new planting activity 2015-16. In addition it is expected that the new grant scheme in Scotland will start to favour new planting of commercial, rather than native pinewood species. We have been predicting this change for a number of years and have diversified away from native pinewoods to supply the increasing, but more price competitive commercial conifer new planting and much more stable restocking markets. This change has helped to protect the company from much of the impact of the new planting hiatus and we are still forecasting to remain profitable throughout this difficult period.

Risks

The Board reviews a number of performance indicators on a regular basis and one of the key elements of this is the strategic risk process. The Board debates key risks as part of the annual business planning process and reviews these and new risks periodically throughout the year. The Board's current view of the main risks and uncertainties faced by the company is as follows:

Weather

Adverse weather will always present an operational risk but we have mitigated the impact of this strategic risk by investing in our infrastructure.

Pest and Disease

Pests and diseases continue to have a high profile within UK forestry, although recent monitoring of progress suggests a sporadic progression of major pathogens throughout UK forests. There is a need to replant infected woodlands, but this will be spread over several years.

The company is considered to be at low risk of contracting disease on the nursery and these health credentials provide opportunity for increased sales into markets where disease is a high profile issue. Our policy of not importing trees from outside the UK has enhanced this reputation.

Climate Change

Allied to market concerns about pest and disease have been concerns about climate change and adapting our forests for future changes in the climate. This is likely to prompt some alterations in the species mix required towards those best grown using cell production methods in which we specialise.

ALBA TREES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Forestry grant reform

The EU and UK devolved government co-funded grants which largely fund UK forestry are currently in transition to a new scheme and FY15-16 is considered to be a hiatus year between the two schemes. We have mitigated this drop in market demand by diversifying into areas of forestry which are less grant-reliant, such as conifer restocking.

75% of our forestry sales occur in Scotland, which reflects both the proportion of UK forestry planting occurring north of the border (64%) and a preference for using cell-grown trees on the very challenging sites found in the Highlands. It is likely that this market will contract slightly under the new funding scheme in favour of increased planting of commercial conifers, including an increased diversification of species. There is opportunity for the company to concentrate on supplying this increasing demand for diverse conifers because they are often difficult to establish and so require the quality plants in which the company specialises.

Planting levels within England are projected to return to current levels after the transition between funding schemes and it is likely this will continue to be predominantly native species.

There has been an increased interest in accessing non-government funding for woodland creation, such as funding from carbon offsetting schemes. As there are no agreed mechanisms by which this funding could be accessed at scale, the company has not included the impact of such schemes in short term forecasts. If such a mechanism were to be found it could provide greatly increased demand for forest plants in the medium to long term.

Financial instruments

The company makes little use of financial instruments other than the operation of bank accounts and loans. The directors believe the company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the value of assets, liabilities, the financial position and profit and loss of the company.

The Board measures the performance of the company through the review of a number of key performance indicators. These are discussed at Board meeting and are as follows:

- Sales volume
- Unit price
- Labour cost and productivity
- Credit control
- Cash flow

On behalf of the board



R Shearer

Director

17 December 2015

ALBA TREES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

The directors present their report and financial statements for the year ended 31 August 2015.

Results and dividends

The results for the year are set out on page 7.

Directors

The following directors have held office since 1 September 2014:

R Shearer

J R K Glen

(Resigned 26 June 2015)

C M Hyde

D J Mackison

(Appointed 23 October 2014)

G A Murray

A P Wiseman

In accordance with the company's Articles of Association, G A Murray retires by rotation but is not seeking 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 46 (2014 - 57) 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 Strategic Report, 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

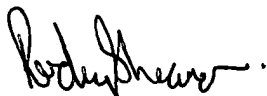
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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

17 December 2015

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 2015 set out on pages 7 to 22. 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 pages 3 - 4, 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

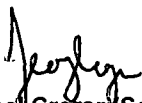
ALBA TREES PLC

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

17 December 2015

Chartered Accountants
Statutory Auditor

6 St Colme Street
Edinburgh
EH3 6AD

ALBA TREES PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	2015 £	2014 £
Turnover	2	3,906,992	4,441,756
Cost of sales		(2,512,296)	(2,712,244)
Gross profit		1,394,696	1,729,512
Distribution costs		(609,674)	(595,807)
Administrative expenses		(202,074)	(218,813)
Operating profit	3	582,948	914,892
Other interest receivable and similar income	4	3,688	3,137
Interest payable and similar charges	5	(11,369)	(17,387)
Profit on ordinary activities before taxation		575,267	900,642
Tax on profit on ordinary activities	6	(125,215)	(198,883)
Profit for the year	17	450,052	701,759

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 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	8	1,198,203		1,096,893	
Investments	9	3,324		3,324	
		<u>1,201,527</u>		<u>1,100,217</u>	
Current assets					
Stocks	10	2,315,230		2,052,435	
Debtors	11	130,055		283,064	
Cash at bank and in hand		672,633		803,868	
		<u>3,117,918</u>		<u>3,139,367</u>	
Creditors: amounts falling due within one year	12	(606,547)		(722,364)	
Net current assets		<u>2,511,371</u>		<u>2,417,003</u>	
Total assets less current liabilities		<u>3,712,898</u>		<u>3,517,220</u>	
Creditors: amounts falling due after more than one year	13	(130,757)		(267,901)	
Provisions for liabilities	14	(121,491)		(82,534)	
		<u>3,460,650</u>		<u>3,166,785</u>	
Capital and reserves					
Called up share capital	16	1,735,512		1,735,512	
Profit and loss account	17	1,725,138		1,431,273	
Shareholders' funds	18	<u>3,460,650</u>		<u>3,166,785</u>	

Approved by the Board and authorised for issue on 17 December 2015



R Shearer
Director

Company Registration No. 2188633

ALBA TREES PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

	£	2015 £	£	2014 £
Net cash inflow from operating activities		700,182		1,022,805
Returns on investments and servicing of finance				
Interest received	3,688		3,137	
Interest paid	(11,369)		(17,387)	
Net cash outflow for returns on investments and servicing of finance		(7,681)		(14,250)
Taxation		(173,702)		(75,332)
Capital expenditure				
Payments to acquire tangible assets	(354,593)		(335,500)	
Receipts from sales of tangible assets	6,500		100	
Net cash outflow for capital expenditure		(348,093)		(335,400)
Equity dividends paid		(156,187)		(104,125)
Net cash inflow before management of liquid resources and financing		14,519		493,698
Financing				
New long term bank loan	-		200,000	
Repayment of long term bank loans	(125,504)		(114,588)	
Capital element of hire purchase contracts	(20,250)		(17,004)	
Net cash outflow from financing		(145,754)		(68,408)
(Decrease)/increase in cash in the year		(131,235)		562,106

ALBA TREES PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

1 Reconciliation of operating profit to net cash inflow from operating activities		2015	2014
		£	£
Operating profit		582,948	914,892
Depreciation of tangible assets		273,166	253,978
Profit on disposal of tangible assets		(6,500)	(100)
(Increase) in stocks		(262,795)	(54,093)
Decrease/(increase) in debtors		153,009	(43,597)
(Decrease) in creditors within one year		(39,646)	(48,275)
Net cash inflow from operating activities		700,182	1,022,805

2 Analysis of net funds	1 September 2014	Cash flow	Other non-cash changes	31 August 2015
	£	£	£	£
Net cash:				
Cash at bank and in hand	803,868	(131,235)	-	672,633
Bank deposits	-	-	-	-
Debt:				
Hire purchase contracts	(44,129)	20,250	(19,883)	(43,762)
Debts falling due within one year	(120,000)	-	-	(120,000)
Debts falling due after one year	(235,412)	125,504	-	(109,908)
	(399,541)	145,754	(19,883)	(273,670)
Net funds	404,327	14,519	(19,883)	398,963

3 Reconciliation of net cash flow to movement in net funds	2015	2014
	£	£
(Decrease)/increase in cash in the year	(131,235)	562,106
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	145,754	(68,408)
Change in net debt resulting from cash flows	14,519	493,698
New hire purchase contracts	(19,883)	-
Movement in net funds in the year	(5,364)	493,698
Opening net funds/(debt)	404,327	(89,371)
Closing net funds	398,963	404,327

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

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 15 years
Plant and office equipment	3 to 10 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 2015

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.

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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 2015 £	2014 £
United Kingdom	3,860,660	4,429,137
Other European Union Countries	46,332	12,619
	<u>3,906,992</u>	<u>4,441,756</u>

3 Operating profit

	2015 £	2014 £
Operating profit is stated after charging:		
Depreciation of tangible assets	273,166	253,978
Operating lease rentals	10,000	10,000
and after crediting:		
Profit on disposal of tangible assets	<u>(6,500)</u>	<u>(100)</u>

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	8,400	8,150
Corporation tax and other services	3,525	3,400
	<u>11,925</u>	<u>11,550</u>

4 Investment income

	2015 £	2014 £
Bank interest	3,688	3,137
	<u>3,688</u>	<u>3,137</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

5	Interest payable	2015	2014
		£	£
	On bank loans and overdrafts	8,963	14,054
	Hire purchase interest	2,406	3,333
		<u>11,369</u>	<u>17,387</u>
6	Taxation	2015	2014
		£	£
	Domestic current year tax		
	U.K. corporation tax	34,503	66,314
	Adjustment for prior years	-	(18)
	Payment in respect of consortium relief	51,755	99,471
	Total current tax	<u>86,258</u>	<u>165,767</u>
	Deferred tax		
	Deferred tax charge current year	38,957	33,116
		<u>125,215</u>	<u>198,883</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>575,267</u>	<u>900,642</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.58% (2014 - 21.00%)	<u>118,390</u>	<u>189,135</u>
	Effects of:		
	Non deductible expenses	299	598
	Depreciation add back	56,218	53,335
	Capital allowances	(87,315)	(85,951)
	Adjustments to previous periods	-	18
	Other tax adjustments	(1,334)	8,632
		<u>(32,132)</u>	<u>(23,368)</u>
	Current tax charge for the year	<u>86,258</u>	<u>165,767</u>
7	Dividends	2015	2014
		£	£
	Ordinary final paid	<u>156,187</u>	<u>104,125</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

8 Tangible fixed assets

	Land and buildings freehold	Nursery development	Tree growing containers	Plant and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2014	22,851	928,716	949,793	326,461	175,276	2,403,097
Additions	-	196,284	122,153	29,789	26,250	374,476
Disposals	-	(8,300)	(46,880)	-	(15,283)	(70,463)
At 31 August 2015	22,851	1,116,700	1,025,066	356,250	186,243	2,707,110
Depreciation						
At 1 September 2014	-	587,418	404,630	171,516	142,640	1,306,204
On disposals	-	(8,300)	(46,880)	-	(15,283)	(70,463)
Charge for the year	-	61,811	111,645	81,114	18,596	273,166
At 31 August 2015	-	640,929	469,395	252,630	145,953	1,508,907
Net book value						
At 31 August 2015	22,851	475,771	555,671	103,620	40,290	1,198,203
At 31 August 2014	22,851	341,298	154,946	545,163	32,635	1,096,893

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

	Plant and office equipment £
Net book values	
At 31 August 2015	52,536
At 31 August 2014	48,563
Depreciation charge for the year	
At 31 August 2015	15,910
At 31 August 2014	8,730

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

9 Fixed asset investments

	Unlisted investments £
Cost	
At 1 September 2014 & at 31 August 2015	3,324
Net book value	
At 31 August 2015	3,324
At 31 August 2014	3,324

10 Stocks

	2015 £	2014 £
Own stock	1,895,284	1,668,001
Raw materials and work in progress	210,978	279,479
Resale stock	208,968	104,955
	<u>2,315,230</u>	<u>2,052,435</u>

11 Debtors

	2015 £	2014 £
Trade debtors	83,206	221,474
Amounts owed by parent and fellow subsidiary undertakings	315	303
Other debtors	44,663	59,091
Prepayments and accrued income	1,871	2,196
	<u>130,055</u>	<u>283,064</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

12	Creditors: amounts falling due within one year	2015 £	2014 £
	Bank loans and overdrafts	120,000	120,000
	Net obligations under hire purchase contracts	22,913	11,640
	Trade creditors	280,761	312,530
	Amounts owed to parent and fellow subsidiary undertakings	51,755	121,309
	Corporation tax	985	40,713
	Other taxes and social security costs	18,880	22,086
	Other creditors	11,084	9,249
	Accruals and deferred income	100,169	84,837
		<u>606,547</u>	<u>722,364</u>

Bank of Scotland PLC holds a standard security over Lower Winton, Hopefield, Gladsmuir, and bank loans and overdrafts are secured by a debenture over the whole assets of the company.

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

13 Creditors: amounts falling due after more than one year	2015 £	2014 £
Bank loans	109,908	235,412
Net obligations under hire purchase contracts	20,849	32,489
	<u>130,757</u>	<u>267,901</u>
Analysis of loans		
Wholly repayable within five years	229,908	355,412
	<u>229,908</u>	<u>355,412</u>
Included in current liabilities	(120,000)	(120,000)
	<u>109,908</u>	<u>235,412</u>
Loan maturity analysis		
In more than one year but not more than two years	109,908	120,000
In more than two years but not more than five years	-	115,412
	<u>109,908</u>	<u>115,412</u>
Interest is charged at 2.5% over the base rate in respect of the bank loans provided by Bank of Scotland PLC amounting to £229,908 repayable over 2 years.		
Net obligations under hire purchase contracts		
Repayable within one year	25,239	13,966
Repayable between one and five years	25,007	38,973
	<u>50,246</u>	<u>52,939</u>
Finance charges and interest allocated to future accounting periods	(6,484)	(8,810)
	<u>43,762</u>	<u>44,129</u>
Included in liabilities falling due within one year	(22,913)	(11,640)
	<u>20,849</u>	<u>32,489</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

14 Provisions for liabilities

	Deferred tax liability £
Balance at 1 September 2014	82,534
Profit and loss account	38,957
Balance at 31 August 2015	<u>121,491</u>

The deferred tax liability is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	<u>121,491</u>	<u>82,534</u>

15 Pension costs

Defined Contribution

	2015 £	2014 £
Contributions payable by the company for the year	<u>19,923</u>	<u>21,918</u>

16 Share capital

	2015 £	2014 £
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 2015

17 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2014	1,431,273
Profit for the year	450,052
Dividends paid	(156,187)
Balance at 31 August 2015	<u>1,725,138</u>

18 Reconciliation of movements in Shareholders' funds

	2015 £	2014 £
Profit for the financial year	450,052	701,759
Dividends	(156,187)	(104,125)
Net addition to shareholders' funds	<u>293,865</u>	<u>597,634</u>
Opening Shareholders' funds	3,166,785	2,569,151
Closing Shareholders' funds	<u>3,460,650</u>	<u>3,166,785</u>

19 Financial commitments

At 31 August 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2016:

	Land and buildings	
	2015 £	2014 £
Operating leases which expire: In over five years	<u>10,000</u>	<u>10,000</u>

20 Capital commitments

	2015 £	2014 £
At 31 August 2015 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	<u>-</u>	<u>30,100</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

21 Directors' remuneration	2015 £	2014 £
Remuneration for qualifying services	161,859	158,990
Company pension contributions to defined contribution schemes	10,389	10,090
Sums paid to third parties for directors' services	20,000	12,000
	<u>192,248</u>	<u>181,080</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2014 - 2).

Non executive directors fees of £20,000 (2014 - £20,000) were agreed during the year. These comprised £12,000 (2014 - £12,000) in respect of the provision of services by J R K Glen and A Wiseman, which was invoiced by The Buccleuch Estates Limited, and £8,000 (2014 - £8,000) in respect of C M Hyde which was invoiced by him personally.

22 Employees

Number of employees

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

	2015 Number	2014 Number
Executive directors	2	2
Production and sales	24	25
Administration	1	2
	<u>27</u>	<u>29</u>

Employment costs

	£	£
Wages and salaries	633,289	679,816
Social security costs	51,834	57,531
Other pension costs	19,923	21,918
	<u>705,046</u>	<u>759,265</u>
Contract labour	681,936	762,291
	<u>1,386,982</u>	<u>1,521,556</u>

23 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 2015

24 Related party relationships and transactions

The Buccleuch Estates Limited provided professional services during the year to a value of £51,958 (2014 - £49,503). At 31 August 2015 the balance due to The Buccleuch Estates Limited was £nil (2014 - £121,309).

The company also supplied trees, tree shelters and stakes to Buccleuch Woodlands Limited and The Buccleuch Estates Limited at normal market prices to the value of £211,876 (2014 - £298,462) and £660 (2014 - £660) respectively. At 31 August 2015 the balance due from Buccleuch Woodlands Limited was £315 (2014 - £303).

Amounts in respect of consortium relief for corporation tax claimed from The Buccleuch Estates Limited amounted to £51,755 (2014 - £99,471).