



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

# ALBA TREES plc



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TREES

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Directors' Report and Financial Statements  
for the year ended 31<sup>st</sup> August 2014

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 2014**

# ALBA TREES PLC

## COMPANY INFORMATION

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<b>Directors</b>	R Shearer J R K Glen C M Hyde D J Mackison G A Murray A G Wiseman
<b>Secretary and Registrars</b>	S J F Hendry MBM Commercial LLP 5th Floor 125 Princes Street Edinburgh EH2 4AD
<b>Company number</b>	2188633
<b>Registered office</b>	Regent House 316 Beulah Hill London SE19 3HF
<b>Auditors</b>	Geoghegans Chartered Accountants 6 St Colme Street Edinburgh EH3 6AD
<b>Business address</b>	Lower Winton Gladsmuir East Lothian EH33 2AL
<b>Bankers</b>	Bank of Scotland The Mound Edinburgh EH1 1YZ
<b>Solicitors</b>	DWF LLP 310 St Vincent Street Glasgow G2 5QR

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# ALBA TREES PLC

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# **ALBA TREES PLC**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2014**

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The directors present their Strategic report for the year ended 31 August 2014.

#### **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 (FY) 2013-14 has been an exceptional year for the company, which has mostly been derived from increasing market share in a growing market whilst controlling costs.

As the current Common Agricultural Policy (CAP) grant scheme has come to a close, planting rates within Scotland increased from 7,000 hectares in 2013 (31/03) to 8,300 hectares in 2014 (31/03) as customers took advantage of the last of the funding. The company was able to capitalise on this increase across the two years and increase turnover in FY13-14. In addition, the Forestry Commission found disease on their own nurseries in 2012 and contracted pine production to our company for sales in FY13-14, but they are now clear of disease and have started to return production to their own nurseries.

The market has been projected to shrink FY14-15 and FY15-16 as UK forestry transitions from one CAP scheme to another. We have adjusted our production and marketing to help mitigate this effect.

#### **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 strategic risk by investing in our infrastructure.

##### ***Pest and disease***

Pests and diseases continue to have a high profile within UK Forestry, with many infected forests needing to be felled and replanted. This provides an opportunity for increased tree sales, but demand for plants in response to felling is likely to be spread over the next 5-10 years. The new CAP grant schemes will help to incentivise this replacement programme, but it is unlikely that the sums proposed will fully cover the costs to our customers.

The company is considered to be at low risk of contracting diseases 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 any trees from outside the UK has enhanced this reputation.

# ALBA TREES PLC

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### **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 CAP. Funding under the current schemes is projected to end after FY14-15 with the new schemes in place for FY15-16. Due to planning timelines, it is possible that demand for plants will dip in the first half of FY15-16 before returning to normal levels in the second half of that year.

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 order to fund 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 that 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. There are no agreed mechanisms by which this funding could be accessed at scale and the company has not included the impact of such funding in short term forecasts. However, 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.

### **Financial performance**

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

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

On behalf of the board



R Shearer

**Director**

18 December 2014

# **ALBA TREES PLC**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2014***

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The directors present their report and financial statements for the year ended 31 August 2014.

#### **Results and dividends**

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

#### **Directors**

The following directors have held office since 1 September 2013:

R Shearer

J R K Glen

D J Mackison

(Appointed 23 October 2014)

G A Murray

C M Hyde

A G Wiseman

In accordance with the company's Articles of Association, C M Hyde and A G Wiseman retire by rotation and seek re-election. D J Mackison was appointed as a non-executive director on the 23 October 2014 and offers himself for 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 57 (2013 - 60) days' purchases.

#### **Auditors**

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

# ALBA TREES PLC

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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#### 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 2014



# **ALBA TREES PLC**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF ALBA TREES PLC**

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We have audited the financial statements of Alba Trees plc for the year ended 31 August 2014 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 2014 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

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### 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 2014

**Chartered Accountants**  
**Statutory Auditor**

6 St Colme Street  
Edinburgh  
EH3 6AD

# ALBA TREES PLC

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 AUGUST 2014**

	Notes	2014 £	2013 £
Turnover	2	4,441,756	3,002,302
Cost of sales		(2,712,244)	(2,041,647)
<b>Gross profit</b>		1,729,512	960,655
Distribution costs		(595,807)	(467,703)
Administrative expenses		(218,813)	(164,174)
<b>Operating profit</b>	3	914,892	328,778
Other interest receivable and similar income	4	3,137	2,436
Interest payable and similar charges	5	(17,387)	(5,666)
<b>Profit on ordinary activities before taxation</b>		900,642	325,548
Tax on profit on ordinary activities	6	(198,883)	(88,282)
<b>Profit for the year</b>	17	701,759	237,266

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.

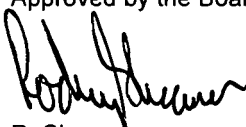
# ALBA TREES PLC

## BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014 £	£	2013 £	£
<b>Fixed assets</b>					
Tangible assets	8	1,096,893		1,015,371	
Investments	9	3,324		3,324	
		<u>1,100,217</u>		<u>1,018,695</u>	
<b>Current assets</b>					
Stocks	10	2,052,435	1,998,342		
Debtors	11	283,064	239,467		
Cash at bank and in hand		803,868	241,762		
		<u>3,139,367</u>	<u>2,479,571</u>		
<b>Creditors: amounts falling due within one year</b>	12	<u>(722,364)</u>	<u>(625,568)</u>		
<b>Net current assets</b>		<u>2,417,003</u>		<u>1,854,003</u>	
<b>Total assets less current liabilities</b>		<u>3,517,220</u>		<u>2,872,698</u>	
<b>Creditors: amounts falling due after more than one year</b>	13	(267,901)	(254,129)		
<b>Provisions for liabilities</b>	14	(82,534)	(49,418)		
		<u>3,166,785</u>	<u>2,569,151</u>		
<b>Capital and reserves</b>					
Called up share capital	16	1,735,512	1,735,512		
Profit and loss account	17	1,431,273	833,639		
<b>Shareholders' funds</b>	18	<u>3,166,785</u>	<u>2,569,151</u>		

Approved by the Board and authorised for issue on 18 December 2014



R. Shearer  
Director

Company Registration No. 2188633

# ALBA TREES PLC

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	£	2014 £	£	2013 £
<b>Net cash inflow from operating activities</b>		1,022,805		126,575
<b>Returns on investments and servicing of finance</b>				
Interest received	3,137		2,436	
Interest paid	(17,387)		(5,666)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(14,250)		(3,230)
<b>Taxation</b>		(75,332)		(80,403)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(335,500)		(451,146)	
Receipts from sales of tangible assets	100		-	
<b>Net cash outflow for capital expenditure</b>		(335,400)		(451,146)
<b>Equity dividends paid</b>		(104,125)		(104,125)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		493,698		(512,329)
<b>Financing</b>				
New long term bank loan	200,000		270,000	
Repayment of long term bank loan	(114,588)		-	
Capital element of hire purchase contracts	(17,004)		(12,142)	
<b>Net cash inflow from financing</b>		68,408		257,858
<b>Increase/(decrease) in cash in the year</b>		562,106		(254,471)

# ALBA TREES PLC

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

1 Reconciliation of operating profit to net cash inflow from operating activities		2014	2013
		£	£
Operating profit		914,892	328,778
Depreciation of tangible assets		253,978	217,454
Profit on disposal of tangible assets		(100)	-
(Increase) in stocks		(54,093)	(468,240)
(Increase) in debtors		(43,597)	(65,163)
(Decrease)/Increase in creditors within one year		(48,275)	113,746
<b>Net cash inflow from operating activities</b>		<b>1,022,805</b>	<b>126,575</b>

2 Analysis of net funds/(debt)	1 September 2013	Cash flow	Other non-cash changes	31 August 2014
	£	£	£	£
Net cash:				
Cash at bank and in hand	241,762	562,106	-	803,868
Debt:				
Hire purchase contracts	(61,133)	17,004	-	(44,129)
Debts falling due within one year	(60,000)	(60,000)	-	(120,000)
Debts falling due after one year	(210,000)	(25,412)	-	(235,412)
	(331,133)	(68,408)	-	(399,541)
<b>Net (debt)/funds</b>	<b>(89,371)</b>	<b>493,698</b>	<b>-</b>	<b>404,327</b>

3 Reconciliation of net cash flow to movement in net funds/(debt)		2014	2013
		£	£
Increase/(decrease) in cash in the year		562,106	(254,471)
Cash inflow from increase in debt and lease financing		(68,408)	(257,858)
Change in net debt resulting from cash flows		493,698	(512,329)
New hire purchase contracts		-	(56,740)
<b>Movement in net funds/(debt) in the year</b>		<b>493,698</b>	<b>(569,069)</b>
Opening net (debt)/funds		(89,371)	479,698
<b>Closing net funds/(debt)</b>		<b>404,327</b>	<b>(89,371)</b>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### **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	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 2014

### 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 2014 £	2013 £
United Kingdom	4,429,137	2,979,438
Other European Union Countries	12,619	22,864
	<u>4,441,756</u>	<u>3,002,302</u>



# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

<b>3</b>	<b>Operating profit</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	253,978	217,454
	Operating lease rentals	10,000	7,433
	and after crediting:		
	Profit on disposal of tangible assets	(100)	-
		<u>          </u>	<u>          </u>
	<b>Auditors' remuneration</b>		
	Fees payable to the company's auditor for the audit of the company's annual accounts	8,150	7,860
	Corporation tax and other services	3,400	3,800
		<u>          </u>	<u>          </u>
		11,550	11,660
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Bank interest	3,137	2,436
		<u>          </u>	<u>          </u>
		3,137	2,436
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	14,054	3,038
	Hire purchase interest	3,333	2,628
		<u>          </u>	<u>          </u>
		17,387	5,666
		<u>          </u>	<u>          </u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

6	Taxation	2014 £	2013 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	66,314	24,697
	Adjustment for prior years	(18)	(200)
	Payment in respect of consortium relief	99,471	36,745
	<b>Total current tax</b>	<b>165,767</b>	<b>61,242</b>
	<b>Deferred tax</b>		
	Deferred tax charge current year	33,116	27,040
		<u>198,883</u>	<u>88,282</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>900,642</u>	<u>325,548</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2013 - 23.00%)	<u>189,135</u>	<u>74,876</u>
	Effects of:		
	Non deductible expenses	598	551
	Depreciation add back	53,335	50,014
	Capital allowances	(85,951)	(65,625)
	Adjustments to previous periods	18	200
	Other tax adjustments	8,632	1,226
		<u>(23,368)</u>	<u>(13,634)</u>
	<b>Current tax charge for the year</b>	<b><u>165,767</u></b>	<b><u>61,242</u></b>
7	<b>Dividends</b>	<b>2014 £</b>	<b>2013 £</b>
	Ordinary final paid	<u>104,125</u>	<u>104,125</u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 8 Tangible fixed assets

	Land and buildings freehold	Nursery development	Tree growing containers	Plant and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2013	22,851	881,796	233,152	796,479	140,314	2,074,592
Additions	-	46,920	93,309	153,314	41,957	335,500
Disposals	-	-	-	-	(6,995)	(6,995)
At 31 August 2014	22,851	928,716	326,461	949,793	175,276	2,403,097
<b>Depreciation</b>						
At 1 September 2013	-	532,166	90,940	305,667	130,448	1,059,221
On disposals	-	-	-	-	(6,995)	(6,995)
Charge for the year	-	55,252	80,575	98,963	19,188	253,978
At 31 August 2014	-	587,418	171,515	404,630	142,641	1,306,204
<b>Net book value</b>						
At 31 August 2014	22,851	341,298	154,946	545,163	32,635	1,096,893
At 31 August 2013	22,851	349,630	142,212	490,812	9,866	1,015,371

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

	Plant and office equipment	Motor vehicles	Total
	£	£	£
<b>Net book values</b>			
At 31 August 2014	48,563	-	48,563
At 31 August 2013	57,293	6,045	63,338
<b>Depreciation charge for the year</b>			
At 31 August 2014	8,730	6,045	14,775
At 31 August 2013	1,651	12,090	13,741

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 9 Fixed asset investments

	Unlisted investments £
<b>Cost</b>	
At 1 September 2013 & at 31 August 2014	3,324
<b>Net book value</b>	
At 31 August 2014	3,324
At 31 August 2013	3,324

### 10 Stocks

	2014 £	2013 £
Own stock	1,668,001	1,707,099
Raw materials and work in progress	279,479	235,636
Resale stock	104,955	55,607
	<u>2,052,435</u>	<u>1,998,342</u>

### 11 Debtors

	2014 £	2013 £
Trade debtors	221,474	168,312
Amounts owed by parent and fellow subsidiary undertakings	303	-
Other debtors	59,091	68,118
Prepayments and accrued income	2,196	3,037
	<u>283,064</u>	<u>239,467</u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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12 Creditors: amounts falling due within one year	2014 £	2013 £
Bank loans and overdrafts	120,000	60,000
Net obligations under hire purchase contracts	11,640	17,004
Trade creditors	312,530	353,849
Amounts owed to parent and fellow subsidiary undertakings	121,309	95,044
Corporation tax	40,713	13,004
Other taxes and social security costs	22,086	21,379
Other creditors	9,249	7,394
Accruals and deferred income	84,837	57,894
	<u>722,364</u>	<u>625,568</u>

The Bank of Scotland 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 2014

13 Creditors: amounts falling due after more than one year	2014 £	2013 £
Bank loans	235,412	210,000
Net obligations under hire purchase contracts	32,489	44,129
	<u>267,901</u>	<u>254,129</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	355,412	270,000
	<u>355,412</u>	<u>270,000</u>
Included in current liabilities	(120,000)	(60,000)
	<u>235,412</u>	<u>210,000</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	120,000	60,000
In more than two years but not more than five years	115,412	150,000
	<u>120,000</u>	<u>60,000</u>
Interest is charged at 2.5% over the base rate in respect of the bank loans provided by the Bank of Scotland amounting to £355,412 repayable over 2 to 4 years.		
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	13,966	20,396
Repayable between one and five years	38,973	52,940
	<u>52,939</u>	<u>73,336</u>
Finance charges and interest allocated to future accounting periods	(8,810)	(12,203)
	<u>44,129</u>	<u>61,133</u>
Included in liabilities falling due within one year	(11,640)	(17,004)
	<u>32,489</u>	<u>44,129</u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 14 Provisions for liabilities

	Deferred tax liability £
Balance at 1 September 2013	49,418
Profit and loss account	33,116
	<u>82,534</u>
Balance at 31 August 2014	<u>82,534</u>

The deferred tax liability is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>82,534</u>	<u>49,418</u>

### 15 Pension costs

#### Defined Contribution

	2014 £	2013 £
Contributions payable by the company for the year	<u>21,918</u>	<u>19,363</u>

### 16 Share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
200 'A' Ordinary shares of 50p each	100	100
1,735,412 Ordinary shares of £1 each	<u>1,735,412</u>	<u>1,735,412</u>
	<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 2014

#### 17 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2013	833,639
Profit for the year	701,759
Dividends paid	(104,125)
Balance at 31 August 2014	<u>1,431,273</u>

#### 18 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	701,759	237,266
Dividends	(104,125)	(104,125)
Net addition to shareholders' funds	<u>597,634</u>	<u>133,141</u>
Opening shareholders' funds	2,569,151	2,436,010
Closing shareholders' funds	<u>3,166,785</u>	<u>2,569,151</u>

#### 19 Financial commitments

At 31 August 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2015:

	Land and buildings	
	2014 £	2013 £
Operating leases which expire:		
Between two and five years	<u>10,000</u>	<u>10,000</u>

#### 20 Capital commitments

	2014 £	2013 £
At 31 August 2014 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	<u>30,100</u>	<u>54,867</u>



# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

21 Directors' remuneration	2014 £	2013 £
Remuneration for qualifying services	158,990	124,503
Company pension contributions to defined contribution schemes	10,090	8,513
Sums paid to third parties for directors' services	12,000	6,000
	<u>181,080</u>	<u>139,016</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2013 - 2).

Non executive directors fees of £20,000 (2013 - £10,000) were agreed during the year. These comprised £12,000 (2013 - £6,000) 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 (2013 - £4,000) 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:

	2014 Number	2013 Number
Executive directors	2	2
Production and sales	25	26
Administration	2	2
	<u>29</u>	<u>30</u>

### Employment costs

	£	£
Wages and salaries	679,816	617,313
Social security costs	57,531	49,701
Other pension costs	21,918	19,363
	<u>759,265</u>	<u>686,377</u>
Contract labour	762,291	650,763
	<u>1,521,556</u>	<u>1,337,140</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 2014

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#### 24 Related party relationships and transactions

##### Other transactions

The Buccleuch Estates Limited provided professional services during the year to a value of £49,503 (2013 - £46,174). At 31 August 2014 the balance due to The Buccleuch Estates Limited was £121,309 (2013 - £95,044).

Buccleuch Property Developments Limited provided professional services during the year to a value of £nil (2013 - £1,600).

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 £298,462 (2013 - £172,642) and £660 (2013 - £957) respectively. At 31 August 2014 the balance due from Buccleuch Woodlands Limited was £303 (2013 - £nil).

Amounts in respect of consortium relief for corporation tax claimed from The Buccleuch Estates Limited amounted to £99,471 (2013 - £36,745).