



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

# ALBA TREES plc



Directors' Report and Financial Statements

For the Year ended 31 December 2004

# ALBA TREES PLC

## COMPANY INFORMATION

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<b>Directors</b>	P J Church R Shearer W A C Thomson G A Heggie J P Hepburne Scott B Sutton (Appointed 25 January 2005)
<b>Secretary</b>	Badger Hakim Secretaries Ltd
<b>Company number</b>	2188633
<b>Registered office</b>	10 Dover Street London W1S 4LQ
<b>Auditors</b>	Geoghegan & Co C A 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>	Biggart Baillie 310 St Vincent Street Glasgow G2 5QR
<b>Registrars</b>	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 OLA

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# ALBA TREES PLC

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# ALBA TREES PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

### Principal activities and review of the business

The company produces high quality cell grown plants for traditional forestry and new native woodland creation as well as the landscape and conservation sectors. Trees and shrubs are sold to other nurseries for growing-on. Turnover for the year was £1,590,582 from sales of 5.5 million plants, planting machines, equipment and tree protection products. The company provides consultancy advice to overseas nurseries using similar technology.

### Results and dividends

The results for the year are set out on page 4.

The profit for the year, after taxation, amounted to £118,004. The directors proposed a final ordinary dividend amounting to £34,708 (2003 - £Nil). The retained profit amounting to £83,296 (2003 - £36,511) was transferred to reserves.

### Future developments

The directors recognize the changing nature of UK forestry in which new planting is declining and re-stocking of felled plantations is set to increase. The company is altering its product mix accordingly.

### Directors

The following directors have held office since 1 January 2004:

P J Church  
R Shearer  
W A C Thomson  
G A Heggie  
J P Hepburne Scott  
B Sutton (Appointed 25 January 2005)

B Sutton, having been appointed a director since the last annual general meeting, retires in accordance with the Articles of Association and, being eligible, offers himself for re-election. In accordance with the Articles of Association, G A Heggie retires by rotation and, being eligible, offers himself for re-election.

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	<b>'A' Ordinary shares of 50p each</b>	
	<b>31 December 2004</b>	<b>1 January 2004</b>
P J Church	55	55
R Shearer	55	55
W A C Thomson	55	55
G A Heggie	-	-
J P Hepburne Scott	-	-

	<b>Ordinary shares of £ 1 each</b>	
	<b>31 December 2004</b>	<b>1 January 2004</b>
P J Church	16,818	6,818
R Shearer	10,000	10,000
W A C Thomson	6,515	6,515
G A Heggie	1	1
J P Hepburne Scott	2,000	2,000

# ALBA TREES PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

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Charitable donations	2004 £	2003 £
During the year the company made the following payments:		
Charitable donations	1,431	661

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### 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 90 (2003 - 80) days' purchases.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Geoghegan & Co C A be reappointed as auditors of the company will be put to the Annual General Meeting.

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

By order of the board

Badger Hakim Secretaries Ltd

**Secretary**

29 March 2005

# ALBA TREES PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALBA TREES PLC

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We have audited the financial statements of Alba Trees plc on pages 4 to 19 for the year ended 31 December 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Geoghegan & Co C A**

29 March 2005

Chartered Accountants  
**Registered Auditor**

6 St Colme Street  
Edinburgh  
EH3 6AD

# ALBA TREES PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
<b>Turnover</b>	<b>2</b>	1,590,582	1,439,424
Cost of sales		(1,032,856)	(1,033,663)
<b>Gross profit</b>		557,726	405,761
Distribution costs		(310,208)	(263,299)
Administrative expenses		(92,605)	(85,206)
<b>Operating profit</b>	<b>3</b>	154,913	57,256
Other interest receivable and similar income		3,672	2,306
Interest payable and similar charges	<b>4</b>	(11,301)	(10,609)
<b>Profit on ordinary activities before taxation</b>		147,284	48,953
Tax on profit on ordinary activities	<b>5</b>	(29,280)	(12,442)
<b>Profit on ordinary activities after taxation</b>		118,004	36,511
Dividends	<b>6</b>	(34,708)	-
<b>Retained profit for the year</b>	<b>17</b>	83,296	36,511
Earnings per share	<b>7</b>	6.80p	2.10p

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 DECEMBER 2004

	Notes	2004		2003	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		447,175		513,569
Investments	9		3,297		3,297
			<u>450,472</u>		<u>516,866</u>
<b>Current assets</b>					
Stocks	10	1,411,870		1,336,391	
Debtors	11	344,388		268,359	
Cash at bank and in hand		109,891		95,008	
		<u>1,866,149</u>		<u>1,699,758</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(311,822)</u>		<u>(277,400)</u>	
<b>Net current assets</b>			<u>1,554,327</u>		<u>1,422,358</u>
<b>Total assets less current liabilities</b>			2,004,799		1,939,224
<b>Creditors: amounts falling due after more than one year</b>	13		(31,493)		(49,214)
			<u>1,973,306</u>		<u>1,890,010</u>
<b>Capital and reserves</b>					
Called up share capital	16		1,735,512		1,735,512
Profit and loss account	17		237,794		154,498
<b>Shareholders' funds - equity interests</b>	18		<u>1,973,306</u>		<u>1,890,010</u>

The financial statements were approved by the Board on 29 March 2005

P J Church  
Director

# ALBA TREES PLC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	£	2004 £	£	2003 £
<b>Net cash inflow from operating activities</b>		113,389		240,815
<b>Returns on Investments and servicing of finance</b>				
Interest received	3,672		2,306	
Interest paid	(9,492)		(9,256)	
Interest element of finance lease rentals	(1,809)		(1,353)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(7,629)		(8,303)
<b>Taxation</b>		(11,142)		6,955
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(48,967)		(46,446)	
Receipts from sales of tangible assets	6,600		-	
<b>Net cash outflow for capital expenditure</b>		(42,367)		(46,446)
<b>Net cash inflow before management of liquid resources and financing</b>		52,251		193,021
<b>Financing</b>				
Capital element of hire purchase contracts	(21,032)		(16,920)	
Capital element of finance lease contracts	(16,336)		(14,136)	
<b>Net cash outflow from financing</b>		(37,368)		(31,056)
<b>Increase in cash in the year</b>		14,883		161,965

# ALBA TREES PLC

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

1 Reconciliation of operating profit to net cash inflow from operating activities	2004	2003
	£	£
Operating profit	154,913	57,256
Depreciation of tangible assets	136,786	133,367
(Profit)/loss on disposal of tangible assets	(2,447)	148
(Increase) in stocks	(75,479)	(35,818)
(Increase)/decrease in debtors	(74,353)	91,378
(Decrease) in creditors within one year	(26,031)	(5,516)
<b>Net cash inflow from operating activities</b>	<b>113,389</b>	<b>240,815</b>

2 Analysis of net funds	1 January 2004	Cash flow	Other non-cash changes	31 December 2004
	£	£	£	£
Net cash:				
Cash at bank and in hand	95,008	14,883	-	109,891
Debt:				
Finance leases	(80,247)	37,368	(25,578)	(68,457)
Net funds	14,761	52,251	(25,578)	41,434

3 Reconciliation of net cash flow to movement in net funds	2004	2003
	£	£
Increase in cash in the year	14,883	161,965
Cash outflow from decrease in debt and lease financing	37,368	31,056
Change in net debt resulting from cash flows	52,251	193,021
New finance lease and hire purchase contracts	(25,578)	-
<b>Movement in net funds in the year</b>	<b>26,673</b>	<b>193,021</b>
Opening net funds/(debt)	14,761	(178,260)
<b>Closing net funds</b>	<b>41,434</b>	<b>14,761</b>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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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 are prepared in accordance with applicable accounting standards.

#### 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	NIL
Nursery development	3 to 25 years
Tree growing containers	3 to 5 years
Plant & office equipment	4 to 7 years
Motor vehicles	4 and 5 years

#### 1.4 Leasing and hire purchase commitments

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

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

#### 1.5 Investments

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

#### 1.6 Stock

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

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

#### 1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 1 Accounting policies

(continued)

#### 1.8 Deferred taxation

Deferred taxation 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 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 trees, 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	
	2004	2003
	£	£
United Kingdom	1,487,259	1,404,920
Other European Union Countries	103,323	34,504
	<u>1,590,582</u>	<u>1,439,424</u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

<b>3</b>	<b>Operating profit</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	136,786	133,367
	Loss on disposal of tangible assets	-	148
	Loss on foreign exchange transactions	514	-
	Operating lease rentals		
	- Plant and machinery	6,334	6,242
	Auditors' remuneration	5,000	4,900
	Remuneration of auditors for non-audit work	2,000	2,000
	and after crediting:		
	Profit on disposal of tangible assets	(2,447)	-
	Profit on foreign exchange transactions	-	(178)
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Interest payable</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	3,433	3,875
	Lease finance charges and hire purchase interest	7,868	6,734
		<u>          </u>	<u>          </u>
		<u>11,301</u>	<u>10,609</u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

5	Taxation	2004 £	2003 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	30,860	11,046
	Adjustment for prior years	96	169
	<b>Current tax charge</b>	<u>30,956</u>	<u>11,215</u>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(1,676)	1,227
		<u>29,280</u>	<u>12,442</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>147,284</u>	<u>48,953</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	<u>27,984</u>	<u>9,301</u>
	Effects of:		
	Non deductible expenses	342	337
	Depreciation add back	22,400	22,117
	Capital allowances	(19,401)	(20,640)
	Adjustments to previous periods	96	169
	Other tax adjustments	(465)	(69)
		<u>2,972</u>	<u>1,914</u>
	<b>Current tax charge</b>	<u>30,956</u>	<u>11,215</u>
6	<b>Dividends</b>	<b>2004</b> £	<b>2003</b> £
	Ordinary final proposed	<u>34,708</u>	<u>-</u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

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<b>7 Earnings per share</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
EPS - Ordinary shares of £1 each	6.80p	2.10p
	<u>          </u>	<u>          </u>
EPS calculation based on:		
Profit for financial year	118,004	36,511
	<u>          </u>	<u>          </u>
	<b>Number</b>	<b>Number</b>
Ordinary shares	1,735,412	1,735,412
	<u>          </u>	<u>          </u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 8 Tangible fixed assets

	Land	Nursery development	Tree growing containers	Plant and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2004	22,851	904,915	37,306	372,894	93,479	1,431,445
Additions	-	1,770	24,165	36,232	12,378	74,545
Disposals	-	(15,592)	-	(52,634)	(31,845)	(100,071)
At 31 December 2004	22,851	891,093	61,471	356,492	74,012	1,405,919
<b>Depreciation</b>						
At 1 January 2004	-	604,252	24,185	232,659	56,780	917,876
Charge for the year	-	48,317	15,086	55,570	17,813	136,786
On disposals	-	(15,592)	-	(52,634)	(27,692)	(95,918)
At 31 December 2004	-	636,977	39,271	235,595	46,901	958,744
<b>Net book value</b>						
At 31 December 2004	22,851	254,116	22,200	120,897	27,111	447,175
At 31 December 2003	22,851	300,663	13,121	140,235	36,699	513,569

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 December 2004	50,098	26,178	76,276
At 31 December 2003	67,831	25,313	93,144
<b>Depreciation charge for the year</b>			
At 31 December 2004	30,651	11,512	42,163
At 31 December 2003	28,726	8,934	37,660

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 9 Fixed asset investments

	<b>Unlisted investments £</b>
<b>Cost</b>	
At 1 January 2004 & at 31 December 2004	3,297

<b>10 Stocks</b>	<b>2004 £</b>	<b>2003 £</b>
Seedlings and developing trees	220,728	181,231
Saleable trees	1,043,856	1,031,035
	<u>1,264,584</u>	<u>1,212,266</u>

#### Other stock

Raw materials	138,077	115,946
Bought in stock	9,209	8,179
	<u>1,411,870</u>	<u>1,336,391</u>

<b>11 Debtors</b>	<b>2004 £</b>	<b>2003 £</b>
Trade debtors	309,562	234,365
Other debtors	-	506
Prepayments and accrued income	-	338
Deferred tax asset (see note 14)	34,826	33,150
	<u>344,388</u>	<u>268,359</u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

<b>12 Creditors: amounts falling due within one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	36,964	31,033
Trade creditors	100,476	118,703
Corporation tax	30,860	11,046
Other taxes and social security costs	59,086	64,720
Other creditors	151	134
Accruals and deferred income	49,577	51,764
Proposed dividend	34,708	-
	<u>311,822</u>	<u>277,400</u>

The Bank of Scotland holds a standard security and debenture incorporating fixed and floating charges over the assets of the company.

<b>13 Creditors: amounts falling due after more than one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<u>31,493</u>	<u>49,214</u>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	46,094	38,991
Repayable between one and five years	39,455	62,366
	<u>85,549</u>	<u>101,357</u>
Finance charges and interest allocated to future accounting periods	(17,092)	(21,110)
	<u>68,457</u>	<u>80,247</u>
Included in liabilities falling due within one year	(36,964)	(31,033)
	<u>31,493</u>	<u>49,214</u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

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### 14 Deferred tax

The deferred tax asset (Included in the debtors, note 11) is made up as follows:

	<b>2004</b>	
	<b>£</b>	
Balance at 1 January 2004	(33,150)	
Profit and loss account	(1,676)	
	<u>(34,826)</u>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<u>(34,826)</u>	<u>(33,150)</u>

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### 15 Pension costs

#### Defined contribution

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>12,549</u>	<u>11,860</u>

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# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

<b>16 Share capital</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
300 'A' Ordinary shares of 50p each	150	150
2,199,850 Ordinary shares of £1 each	2,199,850	2,199,850
	<u>2,200,000</u>	<u>2,200,000</u>
<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	1,735,412	1,735,412
	<u>1,735,512</u>	<u>1,735,512</u>

The 'A' ordinary shares which are held by the directors 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 their respective holdings in the ordinary shares.

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

	<b>Profit and loss account £</b>
Balance at 1 January 2004	154,498
Retained profit for the period	83,296
	<u>237,794</u>
Balance at 31 December 2004	<u>237,794</u>

<b>18 Reconciliation of movements in shareholders' funds</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	118,004	36,511
Dividends	(34,708)	-
	<u>83,296</u>	<u>36,511</u>
Net addition to shareholders' funds	83,296	36,511
Opening shareholders' funds	1,890,010	1,853,499
	<u>1,973,306</u>	<u>1,890,010</u>
Closing shareholders' funds	<u>1,973,306</u>	<u>1,890,010</u>

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

<b>19 Directors' emoluments</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	95,315	82,916
Fees - Non executive	2,916	6,000
Company pension contributions to money purchase schemes	6,758	6,499
Sums paid to third parties for directors' services	15,000	15,000
	<u>119,989</u>	<u>110,415</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003- 2).

P J Church is a partner in the firm of PJ & CAB Church who charge the company for his services as a consultant. The total amount paid under this agreement during the year was £10,000 (2003-£10,000).

Fees totalling £5,000 (2003-£5,000) were paid to Private Investors Monitoring Services Limited for the services of GA Heggie as a non-executive director. GA Heggie is a shareholder and director of Private Investors Monitoring Services Limited. At 31 December 2004 the balance due to Private Investors Monitoring Services Limited was £1,469.

### **20 Transactions with directors**

Tree growing containers to the value of £28,567 (2003-£502) were purchased in the ordinary course of business and at normal market prices from Ronaash Ltd, a company of which PJ Church is a shareholder. At 31 December 2004 the balance due to Ronaash Ltd was £58 (2003-£61).

Secretarial and registration fees totalling £838 (2003-£2,082) were paid to Badger Hakim Secretaries Limited, a company in which GA Heggie is a shareholder and director. At 31 December 2004 the balance due to Badger Hakim Secretaries Ltd was £215 (2003-£1,684).

Trees were sold during the year at arms length to WAC Thomson, a director and shareholder, to the sum of £6,194. At 31 December 2004 the balance due by WAC Thomson was £3,639.

# ALBA TREES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 21 Employees

#### Number of employees

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

	<b>2004</b>	<b>2003</b>
	<b>Number</b>	<b>Number</b>
Executive directors	2	2
Production and sales	26	30
Administration	2	2
	<u>30</u>	<u>34</u>

#### Employment costs

	<b>£</b>	<b>£</b>
Wages and salaries	409,108	395,219
Social security costs	34,926	35,157
Other pension costs	12,549	11,860
	<u>456,583</u>	<u>442,236</u>
Contract labour	230,199	184,777
	<u>686,782</u>	<u>627,013</u>

### 22 Control

In the opinion of the directors, there is no ultimate controlling party.

ALBA TREES plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ANNUAL GENERAL MEETING of the company will be held at The Nursery, Lower Winton, Gladsmuir, East Lothian at 11.30 am on Wednesday 1<sup>st</sup> June 2005 for transaction of the following business:

**ORDINARY BUSINESS**

To approve the following resolutions, which will be proposed as Ordinary Resolutions:

1. To receive and consider the Directors' Report and Accounts for the year ended 31 December 2004.
2. To re-appoint Geoghegan & Co., Chartered Accountants, 6 St Colme Street, Edinburgh as Auditors in accordance with Section 384 of the Companies Act 1985, to hold office from the conclusion of the meeting until the conclusion of the next General Meeting at which accounts are laid before the members.
3. To authorise the directors to fix the remuneration of the auditors.
4. To re-elect G A Heggie as a director.
5. To re-elect B Sutton as a director.
6. That 4,480 of the existing unissued Ordinary Shares of £1 each in the capital of the Company be and are hereby converted into and reclassified as B Ordinary Shares of £1 each ranking pari passu in all respects with the existing Ordinary Shares of £1 each in the capital of the Company carrying the rights, privileges and restrictions set out in the Articles of Association of the company as amended pursuant to resolution 10 below.
7. That each of the existing unissued B Ordinary Shares of £1 each in the capital of the Company be and is hereby sub-divided into 100 shares of £0.01 each carrying the rights, privileges and restrictions set out in the Articles of Association as amended pursuant to resolution 10 below.
8. That in accordance with Article 18 of the Articles of Association the directors of the Company be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot equity securities up to a maximum nominal amount of £4,480 provided that the authority hereby given shall expire five years after the passing of this resolution unless previously revoked or varied save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
9. That upon the recommendation of the directors it is desirable to capitalise the sum of £2,479.16 being part of the amount standing to the credit of the reserves of the Company and accordingly the directors be and are hereby authorised and directed to appropriate the said sum to the holders registered immediately prior to the passing of this resolution of the 1,735,142 Ordinary Shares of £1 each in the capital of the Company in the proportions in which such sums would have been divisible amongst them has the same been applicable and been applied in paying dividends but on the condition that the same will not be paid in cash but will be applied in paying up in full at par 247,916 B Ordinary Shares of £0.01 each in the capital of the Company to be allotted and distributed credited as fully paid to and amongst the said holders in the proportions aforesaid.

**SPECIAL RESOLUTION**

10. To approve the following resolution, which will be proposed as a Special Resolution.  
That the Articles of Association of the Company be and they are hereby amended by deleting Article 5 (a) and by substituting therefor the following new Article 5 (a):  
"The capital of the Company at the date of adoption of this Article is £2,200,000 divided into 300 "A" Ordinary Shares of 50p each, 448,000 "B" Ordinary Shares of 0.01p each and 2,195,370 Ordinary Share of £1 each. The "A" Ordinary, "B" Ordinary and the Ordinary Shares shall be separate classes of Shares but, subject as otherwise expressly provided in these Articles, the "A" Ordinary, "B" Ordinary and Ordinary Shares shall rank pari passu in all respects."

By Order of the Board

BADGER HAKIM SECRETARIES LTD  
Secretary

Registered Office: 10 Dover Street, LONDON, W1S 4LQ

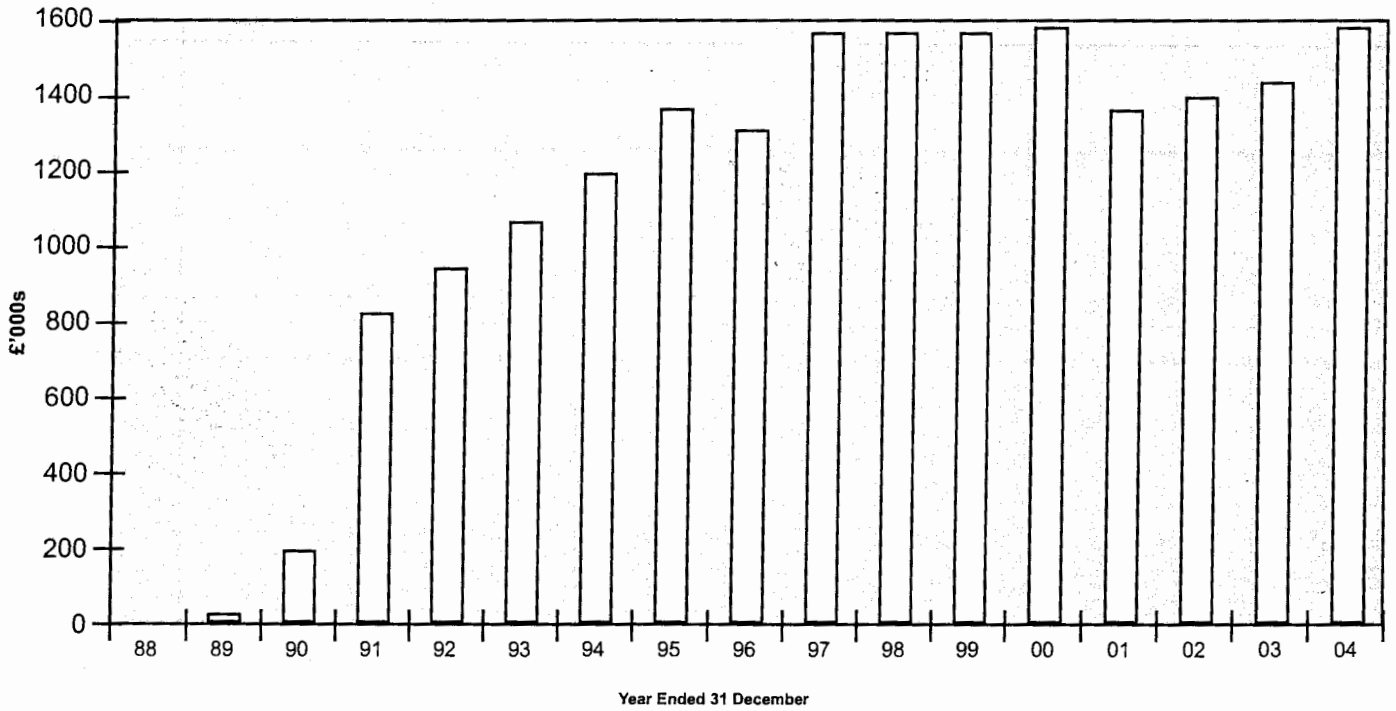
Dated 29th March 2005

**NOTE:**

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll vote instead of him/her. A proxy need not be a member. A form of proxy is enclosed.

## ANNUAL STATISTICS

### ALBA TREES Annual Turnover



### UK Grant Aided Forestry Planting (Private Sector) (Source: Forestry Commission)

