



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

ALBA TREES plc



Directors' Report and Financial Statements
for the year ended 31st August 2008

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 2008

ALBA TREES PLC

COMPANY INFORMATION

Directors	P J Church R Shearer J P Hepburne Scott B Sutton J C Lamont
Secretary	Badger Hakim Secretaries Ltd
Company number	2188633
Registered office	10 Dover Street London W1S 4LQ
Auditors	Geoghegan & Co 6 St Colme Street Edinburgh EH3 6AD
Business address	Lower Winton Gladsmuir East Lothian EH33 2AL
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ
Solicitors	Biggart Baillie 310 St Vincent Street Glasgow G2 5QR
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

ALBA TREES PLC

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ALBA TREES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2008

The directors present their report and financial statements for the year ended 31 August 2008.

Principal activities and review of the business

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

Turnover for the year was £2,392,399 from the sale of 6.3m plants, planting equipment and tree protection products. As shown in the profit and loss account the company made a profit after taxation of £84,766.

Product development

The company's development of nursery-applied insect protection products for forestry re-stock trees is now reflected in significantly increased sales of trees plus the added value products. The species mix is constantly under review with new species being introduced to meet emerging markets and some others being eliminated as market demand falls.

Employees

Details of the number of employees can be found in note 21 to the accounts. Employee cost as a percentage of turnover has declined. The increase in employee cost per tree sold has been recovered through the average price achieved.

Government grant support

Approximately two thirds of the company's turnover derives from grant-aided forestry, both new planting and re-stocking. The recent history of grant support in the UK has been one of frequent change and uncertainty; Scotland, which accounts for approximately two thirds of UK forestry activity, has had two years without a grant scheme open to applicants. The rural development measures are still not yet operational in terms of delivery. This causes difficulty in anticipating customer demand and planning production accordingly.

However the Scottish government, through its climate change agenda, is publicly committed to stimulating forestry activity, especially new planting. This and the emerging bio-energy sector give cause for long term optimism.

Key Performance indicators

Key performance indicators routinely used by the management team include:

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

ALBA TREES PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

Risk

The principal perennial risks facing the forestry nursery sector are adverse weather, pest and disease, and changes to government grant support for forestry and agriculture. This year two major forestry pests (Red Band Needle Blight and Sudden Oak Death disease) have become widely recognised in the UK. This will undoubtedly affect demand for some main-line forestry species.

The present financial climate brings additional risks including:

- Reduced timber demand results in reduced felling and re-planting programmes
- Customers' cash flow is disrupted with implications for new orders and credit control
- Public sector budgets for landscaping will be further reduced

Directors

The following directors have held office since 1 September 2007:

P J Church

R Shearer

J P Hepburne Scott

B Sutton

M D Clarke

(Retired 8 November 2008)

J C Lamont

In accordance with the company's Articles of Association, JP Hepburne Scott retires by rotation and, being eligible, offers himself for re-election.

Charitable donations

2008

2007

£

£

During the year the company made the following payments:

Charitable donations

1,192

1,842

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 69 (2007 - 68) days' purchases.

Auditors

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

ALBA TREES PLC

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2008**

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 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 proper accounting records which 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 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.

Statement of disclosure to auditor

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.

By order of the board

Badger Hakim Secretaries Ltd

Secretary

19 December 2008

ALBA TREES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALBA TREES PLC

We have audited the financial statements of Alba Trees plc for the year ended 31 August 2008 set out on pages 6 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 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 the directors and auditors

As described in the Statement of Directors' Responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records or 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

ALBA TREES PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF ALBA TREES PLC

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Geoghegan & Co

19 December 2008

Chartered Accountants

Registered Auditor

6 St Colme Street
Edinburgh
EH3 6AD

ALBA TREES PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2008

		2008	2007
	Notes	£	£
Turnover	2	2,392,399	1,893,182
Cost of sales		(1,707,485)	(1,355,927)
Gross profit		684,914	537,255
Distribution costs		(428,375)	(340,787)
Administrative expenses		(135,497)	(125,881)
Operating profit	3	121,042	70,587
Other interest receivable and similar income		8,983	3,530
Interest payable and similar charges	4	(10,780)	(12,424)
Profit on ordinary activities before taxation		119,245	61,693
Tax on profit on ordinary activities	5	(34,479)	(57,933)
Profit for the year	16	84,766	3,760
Earnings per share	6	4.88p	0.22p

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 2008

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7	441,409		403,702	
Investments	8	3,297		3,297	
		<u>444,706</u>		<u>406,999</u>	
Current assets					
Stocks	9	1,717,452		1,625,340	
Debtors	10	135,121		109,613	
Cash at bank and in hand		209,175		144,847	
		<u>2,061,748</u>		<u>1,879,800</u>	
Creditors: amounts falling due within one year	11	<u>(384,722)</u>		<u>(257,838)</u>	
Net current assets		<u>1,677,026</u>		<u>1,621,962</u>	
Total assets less current liabilities		2,121,732		2,028,961	
Creditors: amounts falling due after more than one year	12	(49,265)		(41,260)	
		<u>2,072,467</u>		<u>1,987,701</u>	
Capital and reserves					
Called up share capital	15	1,735,512		1,735,512	
Profit and loss account	16	336,955		252,189	
Shareholders' funds - equity interests	17	<u>2,072,467</u>		<u>1,987,701</u>	

The financial statements were approved and authorised for issue by the Board on 19 December 2008

P J Church
Director

ALBA TREES PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2008

	£	2008 £	£	2007 £
Net cash inflow from operating activities		221,133		197,829
Returns on investments and servicing of finance				
Interest received	8,983		3,530	
Interest paid	(10,780)		(12,424)	
	<u> </u>		<u> </u>	
Net cash outflow for returns on investments and servicing of finance		(1,797)		(8,894)
Taxation		(14,566)		17,271
Capital expenditure				
Payments to acquire tangible assets	(98,449)		(53,171)	
Receipts from sales of tangible assets	5,700		2,600	
	<u> </u>		<u> </u>	
Net cash outflow for capital expenditure		(92,749)		(50,571)
		<u> </u>		<u> </u>
Net cash inflow before management of liquid resources and financing		112,021		155,635
Financing				
Capital element of hire purchase contracts	(45,493)		(32,603)	
Capital element of finance lease contracts	(2,200)		(6,989)	
	<u> </u>		<u> </u>	
Net cash outflow from financing		(47,693)		(39,592)
Increase in cash in the year		<u> </u> <u> </u>		<u> </u> <u> </u>

ALBA TREES PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2008

1	Reconciliation of operating profit to net cash inflow from operating activities		2008	2007	
			£	£	
	Operating profit		121,042	70,587	
	Depreciation of tangible assets		130,729	118,597	
	Profit on disposal of tangible assets		(5,700)	(2,600)	
	Increase in stocks		(92,112)	(3,423)	
	(Increase)/decrease in debtors		(28,268)	55,619	
	Increase/(decrease) in creditors within one year		95,442	(40,951)	
	Net cash inflow from operating activities		<u>221,133</u>	<u>197,829</u>	
2	Analysis of net funds	1 September 2007	Cash flow	Other non-cash changes	31 August 2008
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	144,847	64,328	-	209,175
	Debt:				
	Finance lease and hire purchase contracts	(71,131)	47,693	(69,987)	(93,425)
	Net funds	<u>73,716</u>	<u>112,021</u>	<u>(69,987)</u>	<u>115,750</u>
3	Reconciliation of net cash flow to movement in net funds		2008	2007	
			£	£	
	Increase in cash in the year		64,328	116,043	
	Cash outflow from decrease in debt and lease financing		47,693	39,592	
	Change in net debt resulting from cash flows		112,021	155,635	
	New hire purchase contracts		(69,987)	(43,480)	
	Movement in net funds in the year		42,034	112,155	
	Opening net funds/(debt)		73,716	(38,439)	
	Closing net funds		<u>115,750</u>	<u>73,716</u>	

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008

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 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.4 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 10 years
Plant & office equipment	4 to 7 years
Motor vehicles	3 to 5 years

1.5 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.

1.6 Investments

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

1.7 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.

1.8 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 AUGUST 2008

1 Accounting policies (continued)

1.9 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.

1.10 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	
	2008	2007
	£	£
United Kingdom	2,309,636	1,753,364
Other European Union Countries	82,763	139,818
	<u>2,392,399</u>	<u>1,893,182</u>

3 Operating profit

	2008	2007
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	130,729	118,595
Auditors' remuneration	7,000	6,150
Remuneration of auditors for non-audit work	5,055	6,280
and after crediting:		
Profit on disposal of tangible assets	(5,700)	(2,600)
Profit on foreign exchange transactions	(872)	-
	<u> </u>	<u> </u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

4 Interest payable	2008	2007
	£	£
On bank loans and overdrafts	3,599	5,924
Hire purchase interest	7,181	6,500
	<u>10,780</u>	<u>12,424</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

5 Taxation	2008 £	2007 £
Domestic current year tax		
U.K. corporation tax	12,616	14,387
Adjustment for prior years	179	-
Payment in respect of consortium relief	18,924	-
	<hr/>	<hr/>
Current tax charge	31,719	14,387
	<hr/>	<hr/>
Deferred tax		
Effects of changes in tax rates and laws	-	41,875
Deferred tax charge current year	2,760	1,671
	<hr/>	<hr/>
	2,760	43,546
	<hr/>	<hr/>
	34,479	57,933
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	119,245	61,693
	<hr/> <hr/>	<hr/> <hr/>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 29.16% (2007 - 30.00%)	34,772	18,508
	<hr/>	<hr/>
Effects of:		
Non deductible expenses	1,008	789
Depreciation add back	35,737	35,579
Capital allowances	(39,980)	(33,652)
Tax losses utilised	-	(4,620)
Other tax adjustments	182	(2,217)
	<hr/>	<hr/>
	(3,053)	(4,121)
	<hr/>	<hr/>
Current tax charge	31,719	14,387
	<hr/> <hr/>	<hr/> <hr/>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

6 Earnings per share	2008	2007
EPS - Ordinary shares of £1 each	<u>4.88p</u>	<u>0.22p</u>
EPS calculation based on:		
Profit for financial year	<u>£84,766</u>	<u>£3,760</u>
	Number	Number
Ordinary shares	<u>1,735,412</u>	<u>1,735,412</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

7 Tangible fixed assets

	Land	Nursery development	Tree growing containers	Plant and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2007	22,851	741,390	121,790	319,478	112,825	1,318,334
Additions	-	10,635	59,452	63,173	35,176	168,436
Disposals	-	(6,963)	(39,222)	(70,058)	(23,840)	(140,083)
At 31 August 2008	22,851	745,062	142,020	312,593	124,161	1,346,687
Depreciation						
At 1 September 2007	-	527,693	58,073	229,730	99,136	914,632
Charge for the year	-	32,872	39,969	38,808	19,080	130,729
On disposals	-	(6,963)	(39,222)	(70,058)	(23,840)	(140,083)
At 31 August 2008	-	553,602	58,820	198,480	94,376	905,278
Net book value						
At 31 August 2008	22,851	191,460	83,200	114,113	29,785	441,409
At 31 August 2007	22,851	213,697	63,717	89,748	13,689	403,702

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

	Plant and office equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 August 2008	101,261	14,655	115,916
At 31 August 2007	72,284	9,608	81,892
Depreciation charge for the year			
At 31 August 2008	23,694	13,646	37,340
At 31 August 2007	19,359	12,024	31,383

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

8 Fixed asset investments

	Unlisted investments £
Cost	
At 1 September 2007 & at 31 August 2008	3,297
	<u>3,297</u>
Net book value	
At 31 August 2008	3,297
	<u>3,297</u>
At 31 August 2007	3,297
	<u>3,297</u>

9 Stocks

	2008 £	2007 £
Raw materials and items for resale	323,398	346,007
Plants for resale	1,394,054	1,279,333
	<u>1,717,452</u>	<u>1,625,340</u>

10 Debtors

	2008 £	2007 £
Trade debtors	85,026	91,565
Other debtors	41,331	6,524
Deferred tax asset (see note 13)	8,764	11,524
	<u>135,121</u>	<u>109,613</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

11 Creditors: amounts falling due within one year	2008 £	2007 £
Net obligations under finance lease and hire purchase contracts	44,160	29,871
Trade creditors	207,934	151,242
Amounts owed to group companies	44,143	5,021
Corporation tax	12,616	14,387
Other taxes and social security costs	13,441	12,084
Other creditors	30,489	451
Accruals and deferred income	31,939	44,782
	<u>384,722</u>	<u>257,838</u>

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

12 Creditors: amounts falling due after more than one year	2008 £	2007 £
Net obligations under finance lease and hire purchase contracts	<u>49,265</u>	<u>41,260</u>
Net obligations under finance lease and hire purchase contracts		
Repayable within one year	50,230	34,815
Repayable between one and five years	56,750	49,090
	<u>106,980</u>	<u>83,905</u>
Finance charges and interest allocated to future accounting periods	(13,555)	(12,774)
	<u>93,425</u>	<u>71,131</u>
Included in liabilities falling due within one year	(44,160)	(29,871)
	<u>49,265</u>	<u>41,260</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

13 Provisions for liabilities and charges

The deferred tax asset (included in debtors, note 10) is made up as follows:

	2008	
	£	
Balance at 1 September 2007	(11,524)	
Profit and loss account	2,760	
	<u>(8,764)</u>	
Balance at 31 August 2008	<u>(8,764)</u>	
	2008	2007
	£	£
Decelerated capital allowances	<u>(8,764)</u>	<u>(11,524)</u>

14 Pension costs

Defined Contribution

	2008	2007
	£	£
Contributions payable by the company for the year	<u>18,410</u>	<u>17,950</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

15 Share capital	2008	2007
	£	£
Authorised		
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>
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.

16 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 September 2007	252,189
Profit for the year	84,766
	<u>336,955</u>
Balance at 31 August 2008	<u>336,955</u>

17 Reconciliation of movements in shareholders' funds	2008	2007
	£	£
Profit for the financial year	84,766	3,760
Opening shareholders' funds	1,987,701	1,983,941
	<u>2,072,467</u>	<u>1,987,701</u>
Closing shareholders' funds	<u>2,072,467</u>	<u>1,987,701</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

18 Capital commitments	2008	2007
	£	£
At 31 August 2008 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	21,280	-
	<u>21,280</u>	<u>-</u>
19 Directors' emoluments	2008	2007
	£	£
Emoluments for qualifying services	153,409	140,645
Company pension contributions to money purchase schemes	10,620	10,178
Sums paid to third parties for directors' services	35,000	34,917
	<u>199,029</u>	<u>185,740</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2007-3).

Fees totalling £15,000 (2007-£15,000) were payable to Ronaash Limited for the services of PJ Church as a consultant. PJ Church is a shareholder of Ronaash Limited.

Fees totalling £20,000 (2007-£19,917) were payable to The Buccleuch Estates Limited for the services of M D Clarke and J C Lamont as non-executive directors.

20 Transactions with directors

Tree growing containers to the value of £65,453 (2007-£29,428) were purchased in the ordinary course of business and at normal market prices from Ronaash Limited, a company of which PJ Church is a shareholder. At 31 August 2008 the balance due to Ronaash Limited was £nil (2007-£nil).

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2008

21 Employees

Number of employees

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

	2008 Number	2007 Number
Executive directors	3	3
Production and sales	24	25
Administration	2	2
	<u>29</u>	<u>30</u>

Employment costs

	£	£
Wages and salaries	508,793	472,885
Social security costs	43,517	39,965
Other pension costs	18,409	17,950
	<u>570,719</u>	<u>530,800</u>
Contract labour	446,303	321,149
	<u>1,017,022</u>	<u>851,949</u>

22 Control

The company's immediate parent undertaking is Buccleuch Ventures Limited. In the directors' opinion, the company's ultimate parent company and controlling party is The Buccleuch Estates Limited. Both companies are registered in Scotland.

23 Related party transactions

Growing frames and engineering works to the value of £4,770 (2007-£4,964) were purchased in the ordinary course of business and at normal market prices from The Buccleuch Estates Limited. The Buccleuch Estates Limited also provided professional services (including HR support, Health & Safety advice and Staff Training) during the year to a value of £16,583 (2007-£ 15,000). The company also supplied trees, tree shelters and stakes to Buccleuch Woodlands Limited, BQ Farms Limited and The Buccleuch Estates Limited at normal market prices to the value of £130,846 (2007-£16,290), £753 (2007 - £nil) and £972 (2007-£161) respectively.

At 31 August 2008 the amounts due to The Buccleuch Estates Limited were as follows:

Trade: £25,219 (2007-£5,021)

Amounts in respect of consortium relief for corporation tax: £18,924 (2007-£nil).