

ALBA TREES PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2009

ALBA TREES PLC

COMPANY INFORMATION

Directors	P J Church R Shearer J P Hepburne Scott B Sutton J R K Glen J C Lamont
Secretary	Badger Hakim Secretaries Ltd
Company number	2188633
Registered office	3rd Floor, North Side Dukes Court 32 Duke Street St James's London SW1Y 6DF
Auditors	Geoghegans 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 OLA

ALBA TREES PLC

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ALBA TREES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2009

The directors present their report and financial statements for the year ended 31 August 2009.

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 growing part of the company's turnover. Trees and shrubs are sold to other nurseries for growing on.

Turnover for the year was £2,510,367 from the sale of 6.8m plants, planting equipment and tree protection products. As shown in the profit and loss account the company made a profit after taxation of £84,781.

Prior year adjustment

A prior year adjustment has been made as a result of a change in accounting policy in respect of the valuation of "growing stock". Following a review of the costs incurred at each stage of the production process it was considered inappropriate to accrue the costs of grading stock as part of the ongoing production process. These costs are now almost entirely incurred when the stock is prepared for final distribution to customers and therefore should be expensed directly to cost of sales as they are incurred. Due to these grading costs no longer being included in the year end stock valuations, the profit and loss account reserves brought forward at 1 September 2008 have been reduced by £204,958, being a reduction in stock of £284,664 and a related taxation adjustment of £79,706. The comparative balance sheet figures at 31 August 2008 have been restated and there was no impact on the profit for the year ended on that date. The impact of this change in accounting policy on the current year's results is not material.

Employees

Details of the number of employees can be found in note 21 to the accounts. Employee cost as a percentage of turnover has increased by 1%.

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 experienced almost three years without fully operational grant support. The new Rural Development Programme is now in place and grant rates for new planting are attractive. However applications still face long delays in receiving approval which causes difficulty in anticipating customer demand and planning production.

A major review of support for agriculture and forestry is now under way with the likelihood of further major change by 2014. At present all four UK national governments are publicly very supportive of forestry for its valuable contribution to climate change mitigation. However the sector cannot expect to be immune to government spending cuts.

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 2009

Risks

The principal risk facing the forestry nursery sector is on-going change in Government policy and grant aid for tree planting. This has an immediate effect on customer demand and, with the inherent lead time in growing trees, makes planning future production difficult. Perennial risks facing the business are adverse weather, pest and disease. These factors together mean we must be alert to changing species and seed origin demands.

Recession

The forestry sector is experiencing recessionary pressure - due principally to reduced timber demand for building - whilst the landscape sector is suffering from reduced budgets in both public and private sectors. As a result of adverse changes in market conditions, an appropriate provision has been made against stock at the year end.

Product development

To mitigate the risk factors identified above, the product mix is constantly under review. This year has seen the commencement of production of trees for the emerging bio-energy market.

The company's range of nursery-applied insect protection products for forestry re-stock trees is widely recognised in the sector and of vital importance in maintaining our market share.

Directors

The following directors have held office since 1 September 2008:

P J Church

R Shearer

J P Hepburne Scott

B Sutton

M D Clarke

(Retired 8 November 2008)

J R K Glen

(Appointed 28 February 2009)

J C Lamont

In accordance with the company's Articles of Association, JRK Glen, appointed on 28th February 2009, offers himself for election and B Sutton retires by rotation and being eligible offers himself for re-election.

Charitable donations

2009

2008

£

£

During the year the company made the following payments:

Charitable donations

262

1,192

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 45 (2008 - 69) days' purchases.

Auditors

The auditors, Geoghegans (formerly known as Geoghegan & Co), 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 2009**

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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 that 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 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

13 January 2010

ALBA TREES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALBA TREES PLC

We have audited the financial statements of Alba Trees plc for the year ended 31 August 2009 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 495 and 496 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

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 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. 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 adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

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

Scope of the audit of the financial statements

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.

Opinion on financial statements

- the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006;

Opinion on other matter prescribed by the Companies Act 2006

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

ALBA TREES PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ALBA TREES PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Walker (Senior Statutory Auditor)
for and on behalf of Geoghegans

13 January 2010

Chartered Accountants
Statutory Auditor

6 St Colme Street
Edinburgh
EH3 6AD

ALBA TREES PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2009

		2009	2008
	Notes	£	£
Turnover	2	2,510,367	2,392,399
Cost of sales		(1,796,669)	(1,707,485)
Gross profit		713,698	684,914
Distribution costs		(445,294)	(428,375)
Administrative expenses		(141,291)	(135,497)
Operating profit	3	127,113	121,042
Other interest receivable and similar income		3,858	8,983
Interest payable and similar charges	4	(14,557)	(10,780)
Profit on ordinary activities before taxation		116,414	119,245
Tax on profit on ordinary activities	5	(31,633)	(34,479)
Profit for the year	16	84,781	84,766
Earnings per share	6	4.88p	4.88p

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ALBA TREES PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 AUGUST 2009

		2009	2008
	Notes	£	£
Profit for the financial year		84,781	84,766
Prior year adjustment	16	<u>(204,958)</u>	<u>-</u>
Total gains and losses recognised since last financial statements		<u><u>(120,177)</u></u>	<u><u>84,766</u></u>

ALBA TREES PLC

BALANCE SHEET AS AT 31 AUGUST 2009

		2009		2008 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		545,747		441,409
Investments	8		3,324		3,297
			<u>549,071</u>		<u>444,706</u>
Current assets					
Stocks	9	1,360,433		1,432,788	
Debtors	10	251,132		214,827	
Cash at bank and in hand		201,229		209,175	
		<u>1,812,794</u>		<u>1,856,790</u>	
Creditors: amounts falling due within one year	11	<u>(326,303)</u>		<u>(384,722)</u>	
Net current assets			<u>1,486,491</u>		<u>1,472,068</u>
Total assets less current liabilities			2,035,562		1,916,774
Creditors: amounts falling due after more than one year	12		(83,272)		(49,265)
			<u>1,952,290</u>		<u>1,867,509</u>
Capital and reserves					
Called up share capital	15	1,735,512		1,735,512	
Profit and loss account	16	216,778		131,997	
Shareholders' funds - equity interests	17		<u>1,952,290</u>		<u>1,867,509</u>

The financial statements were approved and authorised for issue by the Board on 13 January 2010

P J Church
Director

Company Registration No. 2188633 (England and Wales)

ALBA TREES PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2009

	£	2009 £	£	2008 £
Net cash inflow from operating activities		214,990		221,133
Returns on investments and servicing of finance				
Interest received	3,858		8,983	
Interest paid	(14,557)		(10,780)	
Net cash outflow for returns on investments and servicing of finance		(10,699)		(1,797)
Taxation		(21,016)		(14,566)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(129,623)		(98,449)	
Payments to acquire investments	(27)		-	
Receipts from sales of tangible assets	-		5,700	
Net cash outflow for capital expenditure		(129,650)		(92,749)
Net cash inflow before management of liquid resources and financing		53,625		112,021
Financing				
Capital element of hire purchase contracts	(61,571)		(45,493)	
Capital element of finance lease contracts	-		(2,200)	
Net cash outflow from financing		(61,571)		(47,693)
(Decrease)/increase in cash in the year		(7,946)		64,328

ALBA TREES PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2009

1	Reconciliation of operating profit to net cash inflow from operating activities		2009	2008	
			£	£	
	Operating profit		127,113	121,042	
	Depreciation of tangible assets		143,295	130,729	
	Profit on disposal of tangible assets		-	(5,700)	
	Decrease/(increase) in stocks		72,355	(92,112)	
	Increase in debtors		(59,538)	(28,268)	
	(Decrease)/Increase in creditors within one year		(68,235)	114,366	
	Group relief		-	(18,924)	
			<u>214,990</u>	<u>221,133</u>	
	Net cash inflow from operating activities		<u>214,990</u>	<u>221,133</u>	
2	Analysis of net funds	1 September 2008	Cash flow	Other non-cash changes	31 August 2009
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	209,175	(7,946)	-	201,229
	Debt:				
	Finance lease and hire purchase contracts	(93,425)	61,571	(118,010)	(149,864)
		<u>115,750</u>	<u>53,625</u>	<u>(118,010)</u>	<u>51,365</u>
	Net funds	<u>115,750</u>	<u>53,625</u>	<u>(118,010)</u>	<u>51,365</u>
3	Reconciliation of net cash flow to movement in net funds		2009	2008	
			£	£	
	(Decrease)/increase in cash in the year		(7,946)	64,328	
	Cash outflow from decrease in debt and lease financing		61,571	47,693	
			<u>53,625</u>	<u>112,021</u>	
	Change in net debt resulting from cash flows		53,625	112,021	
	New hire purchase contracts		(118,010)	(69,987)	
			<u>(64,385)</u>	<u>42,034</u>	
	Movement in net funds in the year		<u>(64,385)</u>	<u>42,034</u>	
	Opening net funds		115,750	73,716	
			<u>51,365</u>	<u>115,750</u>	
	Closing net funds		<u>51,365</u>	<u>115,750</u>	

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2009

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.

In the year ended 31 August 2008 and earlier years, the cost of grading stock was included in the stock value. From the year ended 31 August 2009, the directors have decided that it is more accurate to charge these grading costs directly to cost of sales when the expense is incurred. This has resulted in a prior year adjustment in these financial statements. See note 16.

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 2009

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	
	2009	2008
	£	£
United Kingdom	2,447,543	2,309,636
Other European Union Countries	62,824	82,763
	<u>2,510,367</u>	<u>2,392,399</u>

3 Operating profit

	2009	2008
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	143,295	130,729
Loss on foreign exchange transactions	66	-
Auditors' remuneration	7,500	7,000
Remuneration of auditors for non-audit work	7,210	5,055
and after crediting:		
Profit on disposal of tangible assets	-	(5,700)
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 2009

4	Interest payable	2009 £	2008 £
	On bank loans and overdrafts	5,176	3,599
	Hire purchase interest	9,381	7,181
		<u>14,557</u>	<u>10,780</u>
5	Taxation	2009 £	2008 £
	Domestic current year tax		
	U.K. corporation tax	-	12,616
	Adjustment for prior years	-	179
	Payment in respect of consortium relief	-	18,924
	Current tax charge	-	31,719
	Deferred tax		
	Deferred tax charge current year	31,633	2,760
		<u>31,633</u>	<u>34,479</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	116,414	119,245
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 29.16%)	<u>32,596</u>	<u>34,772</u>
	Effects of:		
	Non deductible expenses	495	1,008
	Depreciation add back	40,122	35,737
	Capital allowances	(50,631)	(39,980)
	Tax losses utilised	(22,582)	-
	Other tax adjustments	-	182
		<u>(32,596)</u>	<u>(3,053)</u>
	Current tax charge	-	31,719

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

6 Earnings per share	2009	2008
EPS - Ordinary shares of £1 each	4.88p	4.88p
EPS calculation based on:		
Profit for financial year	£84,781	£84,766
	Number	Number
Ordinary shares	1,735,412	1,735,412

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

7 Tangible fixed assets

	Land	Nursery development	Tree growing containers	Plant and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2008	22,851	745,062	142,020	312,593	124,161	1,346,687
Additions	-	7,691	74,451	105,042	60,449	247,633
Disposals	-	(13,049)	(29,294)	(30,640)	-	(72,983)
At 31 August 2009	22,851	739,704	187,177	386,995	184,610	1,521,337
Depreciation						
At 1 September 2008	-	553,602	58,820	198,480	94,376	905,278
Charge for the year	-	33,509	49,677	41,177	18,932	143,295
On disposals	-	(13,049)	(29,294)	(30,640)	-	(72,983)
At 31 August 2009	-	574,062	79,203	209,017	113,308	975,590
Net book value						
At 31 August 2009	22,851	165,642	107,974	177,978	71,302	545,747
At 31 August 2008	22,851	191,460	83,200	114,113	29,785	441,409

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 2009	120,483	61,662	182,145
At 31 August 2008	101,261	14,655	115,916
Depreciation charge for the year			
At 31 August 2009	30,101	13,441	43,542
At 31 August 2008	23,694	13,646	37,340

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

8 Fixed asset investments

	Unlisted investments £
Cost	
At 1 September 2008	3,297
Additions	27
	<hr/>
At 31 August 2009	3,324
	<hr/> <hr/>
Net book value	
At 31 August 2009	3,324
	<hr/> <hr/>
At 31 August 2008	3,297
	<hr/> <hr/>

9 Stocks

	2009 £	2008 as restated £
Own stock	1,192,020	1,223,470
Raw materials and work in progress	134,481	99,544
Resale stock	33,932	109,774
	<hr/>	<hr/>
	1,360,433	1,432,788
	<hr/> <hr/>	<hr/> <hr/>

10 Debtors

	2009 £	2008 as restated £
Trade debtors	185,391	85,026
Corporation tax	8,400	-
Other debtors	504	41,331
Deferred tax asset (see note 13)	56,837	88,470
	<hr/>	<hr/>
	251,132	214,827
	<hr/> <hr/>	<hr/> <hr/>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

11 Creditors: amounts falling due within one year	2009	2008
	£	£
Net obligations under hire purchase contracts	66,592	44,160
Trade creditors	146,812	207,934
Amounts owed to group companies	22,031	44,143
Corporation tax	-	12,616
Other taxes and social security costs	27,698	13,441
Other creditors	1,384	30,489
Accruals and deferred income	61,786	31,939
	<u>326,303</u>	<u>384,722</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	2009	2008
	£	£
Net obligations under hire purchase contracts	<u>83,272</u>	<u>49,265</u>
Net obligations under hire purchase contracts		
Repayable within one year	76,688	50,230
Repayable between one and five years	95,879	56,750
	<u>172,567</u>	<u>106,980</u>
Finance charges and interest allocated to future accounting periods	(22,703)	(13,555)
	<u>149,864</u>	<u>93,425</u>
Included in liabilities falling due within one year	(66,592)	(44,160)
	<u>83,272</u>	<u>49,265</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

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

	2009	
	£	
Balance at 1 September 2008	(88,470)	
Profit and loss account	31,633	
	<hr/>	
Balance at 31 August 2009	(56,837)	
	<hr/> <hr/>	

	2009	2008
	£	as restated £
Accelerated capital allowances	287	(8,764)
Tax losses available	(57,124)	(79,706)
	<hr/>	<hr/>
	(56,837)	(88,470)
	<hr/> <hr/>	<hr/> <hr/>

14 Pension costs

Defined Contribution

	2009	2008
	£	£
Contributions payable by the company for the year	19,866	18,410
	<hr/> <hr/>	<hr/> <hr/>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

15 Share capital	2009	2008
	£	£
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 2008 as previously reported	336,955
Prior year adjustment	(204,958)
	<u>131,997</u>
Balance at 1 September 2008 as restated	131,997
Profit for the year	84,781
	<u>216,778</u>

Prior year adjustment :

A prior year adjustment has been made as a result of a change in accounting policy in respect of the valuation of "growing stock". Following a review of the costs incurred at each stage of the production process it was considered inappropriate to accrue the costs of grading stock as part of the ongoing production process. These costs are now almost entirely incurred when the stock is prepared for final distribution to customers and therefore should be expensed directly to cost of sales as they are incurred. Due to these grading costs no longer being included in the year end stock valuations, the profit and loss account reserves brought forward at 1 September 2008 have been reduced by £204,958, being a reduction in stock of £284,664 and a related taxation adjustment of £79,706. The comparative balance sheet figures at 31 August 2008 have been restated and there was no impact on the profit for the year ended on that date. The impact of this change in accounting policy on the current year's results is not material.

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

17 Reconciliation of movements in shareholders' funds	2009	2008
	£	£
Profit for the financial year	84,781	84,766
Opening shareholders' funds	1,867,509	1,782,743
	<hr/>	<hr/>
Closing shareholders' funds	1,952,290	1,867,509
	<hr/>	<hr/>

18 Capital commitments	2009	2008
	£	£
At 31 August 2009 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	12,100	21,280
	<hr/>	<hr/>

19 Directors' emoluments	2009	2008
	£	£
Emoluments for qualifying services	171,725	153,409
Company pension contributions to money purchase schemes	12,118	10,620
Sums paid to third parties for directors' services	27,740	35,000
	<hr/>	<hr/>
	211,583	199,029
	<hr/>	<hr/>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2008-3).

Fees totalling £15,000 (2008-£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 £12,740 (2008-£20,000) were payable to The Buccleuch Estates Limited for the services of M D Clarke (3 months), J C Lamont (12 months) and J R K Glen (9 months) as non-executive directors.

20 Transactions with directors

Tree growing containers to the value of £40,995 (2008-£65,453) were purchased in the ordinary course of business and at normal market prices from Ronaash Limited, a company in which PJ Church is a shareholder. At 31 August 2009 the balance due from Ronaash Limited was £155 (2008-£nil).

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2009

21 Employees

Number of employees

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

	2009 Number	2008 Number
Executive directors	3	3
Production and sales	23	24
Administration	2	2
	<hr/>	<hr/>
	28	29
	<hr/> <hr/>	<hr/> <hr/>

Employment costs

	£	£
Wages and salaries	522,575	508,793
Social security costs	45,955	43,517
Other pension costs	19,866	18,409
	<hr/>	<hr/>
	588,396	570,719
Contract labour	518,383	446,303
	<hr/>	<hr/>
	1,106,779	1,017,022
	<hr/> <hr/>	<hr/> <hr/>

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 £103,183 (2008-£4,770) 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 £25,077 (2008-£16,583). 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 £30,350 (2008-£130,846), £43 (2008-£753) and £55 (2008-£972) respectively.

At 31 August 2009 the amounts due to The Buccleuch Estates Limited were as follows:

Trade: £22,031 (2008-£25,219)

Amounts in respect of consortium relief for corporation tax: £nil (2008-£18,924).