

THE FORESTRY PARTNERSHIP LLP

Registered number SO300708

Members' Report and Financial Statements

For the year ended 30 September 2007

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THE FORESTRY PARTNERSHIP LLP

Financial Statements

For the year ended 30 September 2007

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THE FORESTRY PARTNERSHIP LLP

LLP Information

Designated members

Terence Brownrigg
Enga Limited
Nicholas Ferguson
Alexandros Stakis
Tony Cameron

Registered office

Deargacha
Glenmassan
Sandbank, Dunoon
Argyll
PA23 8RB

Registered number

SO300708

Auditors

Scott Moncreiff
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh
EH3 7PH

Principal bankers

Adam & Company
22 Charlotte Square
Edinburgh
EH2 4DF

THE FORESTRY PARTNERSHIP LLP

Report of the Members

For the year ended 30 September 2007

The members present their report and the audited financial statements for the year ended 30 September 2007

Principal activity

The principal activity and core business of the LLP is the ownership of forests. This is the first full year of trading. The comparatives show a 13 month accounting period.

Designated members

The designated members during the year were

Terence Brownrigg
Enga Limited
Nicholas Ferguson
Alexandros Stakis
Tony Cameron
Executors of Winifred Cameron (W Cameron deceased 20/05/06, the Executors resigned 19/10/07)

Members' drawings and capital policy

Except as determined by the members, members are not entitled to draw any amounts from the LLP.

New members may be admitted to the LLP as determined by the members. The value of their member's share to subscribe shall be determined by the members.

Members leaving will be repaid their capital based on a valuation of the balance sheet at that date.

Statement of members' responsibilities

The members are responsible for preparing the annual report and the financial statements. The members have chosen to prepare the financial statements for the LLP in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The Limited Liability Partnership (LLP) Regulations 2001 made under the Limited Liability Partnerships Act 2000 require the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that year and comply with UK GAAP and the LLP Regulations 2001. In preparing those financial statements the members 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.

Under the LLP Regulations, the members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with those regulations. They are also responsible for the system of internal control, for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE FORESTRY PARTNERSHIP LLP

Report of the Members

For the year ended 30 September 2007

Disclosure of information to auditors

As far as each of the designated members, at the time the report is approved, are aware

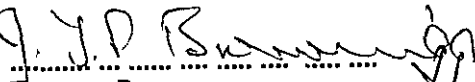
- there is no relevant information of which the LLP's auditors are unaware, and
- the designated members have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of the information

Auditors

The auditors, Scott Moncreiff, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

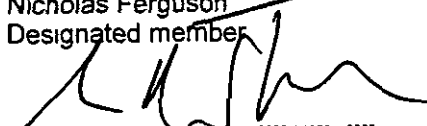
This report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001)

This report was approved by the members on 1 July 2008 and signed on their behalf by


.....
Terence Brownrigg
Designated member


.....
Joe Koskull (on behalf of Enga Limited)
Designated member


.....
Nicholas Ferguson
Designated member


.....
Alexandros Stakis
Designated member


.....
Tony Cameron
Designated member

THE FORESTRY PARTNERSHIP LLP

Independent Auditors' Report to the Members of the Forestry Partnership LLP

We have audited the financial statements of The Forestry Partnership LLP for the year ended 30 September 2007 which are set out pages 5 to 9. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with Section 235 of the Companies Act 1985 as required by Paragraph 3 of the Limited Liability Partnerships Regulations 2001 as required by Paragraph 3 of the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the Limited Liability Partnership's members 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 Limited Liability Partnership and the Limited Liability Partnership'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 Members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Members' 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 give a true and fair view and are properly prepared in accordance with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001). We also report to you whether in our opinion the information given in the Members' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Limited Liability Partnership 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 Members' remuneration and other transactions is not disclosed.

We read the Members' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Limited Liability Partnership'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.

THE FORESTRY PARTNERSHIP LLP

Independent Auditors' Report to the Members of the Forestry Partnership LLP

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, of the state of the Limited Liability Partnership's affairs as at 30 September 2007 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001)
- the information given in the members' report is consistent with the financial statements,

Scott-Moncrieff

Scott-Moncrieff

Chartered Accountants and Registered Auditors

17 Melville Street, Edinburgh, EH3 7PH

Date: *1 July 2008*

THE FORESTRY PARTNERSHIP LLP

Profit and Loss Account

For the year ended 30 September 2007

	Note	Year ended 30 September 2007 £	Period ended 30 September 2006 £
Turnover		12,652	
Administrative expenses		(183,871)	(363,916)
Operating loss	2	(171,219)	(363,916)
Investment income		2,313	64,386
Interest payable and similar charges	3	(240,610)	(76,417)
Loss for the financial year before members' remuneration and profit shares		(409,516)	(375,947)
Members' remuneration charged as an expense			
Loss for the financial year available for discretionary division among members	8	<u>(409,516)</u>	<u>(375,947)</u>

The notes on pages 9 to 11 form part of these financial statements

THE FORESTRY PARTNERSHIP LLP

Statement of Total Recognised Gains and Losses

For the year ended 30 September 2007

	Year ended 30 September 2007 £	Period ended 30 September 2006 £
Loss for the year	(409,516)	(375,947)
Revaluation of woodlands		603,271
Reimbursement on purchase of woodlands	<u>100,000</u>	<u></u>
Total recognised gains and losses relating to the year	<u>(309,516)</u>	<u>227,324</u>

The notes on pages 9 to 11 form part of these financial statements

THE FORESTRY PARTNERSHIP LLP

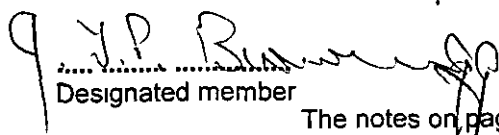
Balance Sheet

At 30 September 2007

	Note	30 September 2007		30 September 2006	
		£	£	£	£
Fixed assets					
Tangible assets	4		6,550,716		6,550,716
Current assets					
Debtors	5	5,000		1,553,688	
Cash at bank and in hand		889		63,777	
		<u>5,889</u>		<u>1,617,465</u>	
Creditors. amounts falling due within one year	6	(874,054)		(2,776,973)	
Net current liabilities			(868,165)		(1,159,508)
Total asset less current liabilities			<u>5,682,551</u>		<u>5,391,208</u>
Creditors: amounts falling due after more than one year	7		(3,428,993)		(2,828,134)
Net assets attributable to members			<u><u>2,253,558</u></u>		<u><u>2,563,074</u></u>
Represented by:					
Loans and other debts due to members within one year					
Members' capital classified as a liability under FRS 25	8		3,039,021		2,939,021
Other amounts	8		(785,463)		(375,947)
			<u><u>2,253,558</u></u>		<u><u>2,563,074</u></u>
Total members' interests					
Loans and other debts due to members			<u><u>2,253,558</u></u>		<u><u>2,563,074</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001) relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were authorised for issue by the members on 1 July 2008 and signed on their behalf by


Designated member

The notes on pages 9 to 11 form part of these financial statements

THE FORESTRY PARTNERSHIP LLP

Notes to the Accounts

For the year ended 30 September 2007

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, the Financial Reporting Standards for Smaller Entities (effective January 2005) and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships

Cash flow statement

The financial statements do not include a cash flow statement as it is exempt under the Financial Reporting Standards for Smaller Entities (effective January 2005)

Turnover

Turnover represents the total amount estimated to be receivable by the LLP for services rendered and disbursements incurred on behalf of clients during the year, excluding VAT

Investment income

Investment income is recognised in the profit and loss account in the period in which it arises

Tangible fixed assets

Tangible fixed assets consist of woodlands and forests, which are revalued at open market value in accordance with Financial Reporting Standards for Smaller Entities (effective January 2005) These are considered to have a useful life of more than 50 years and therefore are not depreciated

Tax provisions

The taxation payable on profits is the personal liability of the members during the year A retention from profits is made to fund payments of taxation on members' behalf The retention is reflected in loans and other debts due from members and payments are charged against this retention

2 Operating loss

	Year ended 30 September 2007 £	Period ended 30 September 2006 £
Operating loss is stated after charging		
Auditors' remuneration audit	3,000	3,000

3 Interest payable and similar charges

	Year ended 30 September 2007 £	Period ended 30 September 2006 £
Bank loans	240,610	76,417

THE FORESTRY PARTNERSHIP LLP

Notes to the Accounts

For the year ended 30 September 2007

4 Tangible fixed assets

	Woodlands £
Revaluation	
At 1 October 2006 and 30 September 2007	<u>6,550,716</u>
Depreciation	
At 1 October 2006 and 30 September 2007	<u> </u>
Net book value	
At 30 September 2007	<u>6,550,716</u>
At 30 September 2006	<u>6,550,716</u>

The forests at Cefa ystrad Ffin and Rera were last valued on 1 June 2006 by Aitchesse Limited, a company specialising in timber investment management, on the basis of market value. The historical cost of the forests is £5,947,445.

5 Debtors

	30 September 2007 £	30 September 2006 £
Trade debtors	5,000	17,938
Amounts due from members		1,535,750
	<u>5,000</u>	<u>1,553,688</u>

6 Creditors, amounts falling due within one year

	30 September 2007 £	30 September 2006 £
Bank loans and overdrafts	589,807	230,000
Trade creditors	11,156	46,535
VAT	26,127	438
Other creditors		2,500,000
Accruals and deferred income	246,964	
	<u>874,054</u>	<u>2,776,973</u>

Included in accruals and deferred income is a £150,000 deposit received from Tilhill Harvesting in relation to a timber harvesting contract. No timber had been harvested at the year end.

THE FORESTRY PARTNERSHIP LLP

Notes to the Accounts

For the year ended 30 September 2007

7 Creditors: amounts falling due after more than one year

	30 September 2007 £	30 September 2006 £
Bank loans	<u>3,428,993</u>	<u>2,828,134</u>
Amounts are due within the following periods		
Between one and two years	300,000	300,000
Between two and five years	900,000	945,000
In five years or more	<u>2,228,993</u>	<u>1,583,134</u>
	<u>3,428,993</u>	<u>2,828,134</u>

The bank loans and overdraft are secured over the land and by personal guarantees made by the following members up to £100,000 each, A Stakis, N Ferguson, J Brownrigg and J Koskull

8 Members' interests

	Members' capital £	Revaluation reserve £	Other reserves £	Total £	Other loans and debts due to/from members' £	Total members' interests £
Members' interests at 1 October 2006	2,335,750	603,271		2,939,021	(375,947)	2,563,074
Loss for the financial year available for discretionary division among members			(409,516)	(409,516)		(409,516)
Members' interests after loss for the year	2,335,750	603,271	(409,516)	2,529,505	(375,947)	2,153,558
Reimbursement on purchase of woodlands		100,000		100,000		100,000
Allocated losses			409,516	409,516	(409,516)	
At 30 September 2007	<u>2,335,750</u>	<u>703,271</u>		<u>3,039,021</u>	<u>(785,463)</u>	<u>2,253,558</u>

During the year £100,000 was reimbursed to The Forestry Partnership LLP against the original purchase price of Reara forest. The payment was in relation to access restrictions at the site. The £100,000 has been credited to the revaluation reserve as the forests were revalued on 1 June 2006.

THE FORESTRY PARTNERSHIP LLP

Detailed Profit and Loss Account

For the year ended 30 September 2007

	Year ended 30 September 2007		Period ended 30 September 2006	
	£	£	£	£
Turnover				
Sporting rents	2,000			
Sundry rents	9			
Other income	10,643			
		12,652		
Administrative expenses		(183,871)		(363,916)
Operating loss		(171,219)		(363,916)
Other income and expenses				
Interest receivable				
Bank interest	2,313		64,386	
Interest payable				
Loan interest	(240,610)		(76,417)	
		(238,297)		(12,031)
Net loss for the year		(409,516)		(375,947)

THE FORESTRY PARTNERSHIP LLP

Detailed Profit and Loss Account

For the year ended 30 September 2007

	Year ended 30 September 2007 £	Period ended September 2006 £
Administrative expenses		
Forestry management fees	117,634	197,113
Insurance	18,949	15,459
Bank charges	31,576	17,144
Legal and professional	4,249	93,620
Land management consultancy	(2,537)	3,777
Accountancy fees	10,250	34,000
Audit fees	3,000	3,000
Sundry expenses	750	(197)
	<u>183,871</u>	<u>363,916</u>