

**THE FORESTRY PARTNERSHIP LLP**

***Registered number: SO300708***

**Members' Report and Financial Statements**

**For the year ended 30 September 2008**

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**THE FORESTRY PARTNERSHIP LLP**

**Financial Statements**

**For the year ended 30 September 2008**

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# **THE FORESTRY PARTNERSHIP LLP**

## **LLP Information**

### **Designated members**

Terence Brownrigg  
Nicholas Ferguson  
Alexandros Stakis  
Richard Davidson  
Tony Cameron  
Margaret Haughton  
Gudrun Von Tevenar

### **Registered office**

Deargacha  
Glenmassan  
Sandbank, Dunoon  
Argyll  
PA23 8RA

### **Registered number**

SO300708

### **Auditors**

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

### **Solicitor**

Gillespie MacAndrew  
5 Atholl Crescent  
Edinburgh  
EH3 8EJ

### **Principal bankers**

Adam & Company  
22 Charlotte Square  
Edinburgh  
EH2 4DF

# **THE FORESTRY PARTNERSHIP LLP**

## **Report of the Members**

**For the year ended 30 September 2008**

The members present their report and the audited financial statements for the year ended 30 September 2008.

### **Principal activity**

The principal activity and core business of the LLP is the ownership of forests.

### **Designated members**

The designated members during the year were:

Terence Brownrigg  
Enga Limited (resigned 30 September 2007)  
Nicholas Ferguson  
Alexandros Stakis  
Richard Davidson (appointed 7 October 2007)  
Tony Cameron  
Margaret Haughton (appointed 10 December 2007)  
Gudrun Von Tevenar (appointed 7 October 2007)

### **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 2008**

**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.

**Small company exemptions**

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 24 July 2009 and signed on their behalf by

  
.....  
Terence Brownrigg  
Designated member

  
.....  
Nicholas Ferguson  
Designated member

  
.....  
Alexandros Stakis  
Designated member

  
.....  
Tony Cameron  
Designated member

  
.....  
Margaret Haughton  
Designated member

  
.....  
Richard Davidson  
Designated member

  
.....  
Gudrun Von Tevenar  
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 2008 which are set out on pages 6 to 12. 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 2007) and the requirements of the Statement of Recommended Practice: Accounting by Limited Liability Partnership (SORP).

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. 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 members 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 the implications for our report, if we become aware of any apparent misstatements within it.

#### **Basis of 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 members 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including the APB Ethical Standard - Provisions Available for Smaller Entities, in the circumstances set out in note 10 to 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 2008 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**  
**Registered Auditors**  
**17 Melville Street**  
**Edinburgh**  
**EH3 7PH**

Date: 24 July 2009

**THE FORESTRY PARTNERSHIP LLP**

**Profit and Loss Account**

**For the year ended 30 September 2008**

|                                                                                       | <b>Note</b> | <b>2008<br/>£</b> | <b>2007<br/>£</b> |
|---------------------------------------------------------------------------------------|-------------|-------------------|-------------------|
| <b>Turnover</b>                                                                       |             | 497,150           | 12,652            |
| Administrative expenses                                                               |             | (259,884)         | (183,871)         |
|                                                                                       |             | <hr/>             | <hr/>             |
| <b>Operating profit/(loss)</b>                                                        | <b>2</b>    | 237,266           | (171,219)         |
| Interest receivable                                                                   |             | 709               | 2,313             |
| Interest payable and similar charges                                                  |             | (281,995)         | (240,610)         |
|                                                                                       |             | <hr/>             | <hr/>             |
| <b>Loss for the financial year before members' remuneration and profit shares</b>     |             | (44,020)          | (409,516)         |
| Loss attributable to members                                                          |             | 44,020            | 409,516           |
|                                                                                       |             | <hr/>             | <hr/>             |
| <b>Loss for the financial year available for discretionary division among members</b> | <b>9</b>    | <hr/> <hr/>       | <hr/> <hr/>       |

The notes on pages 9 to 12 form part of these financial statements.

**THE FORESTRY PARTNERSHIP LLP**

**Statement of Total Recognised Gains and Losses**

**For the year ended 30 September 2008**

|                                                        | <b>2008</b><br><b>£</b> | <b>2007</b><br><b>£</b> |
|--------------------------------------------------------|-------------------------|-------------------------|
| Revaluation of woodlands                               | 4,883,324               | -                       |
| Reimbursement on purchase of woodlands                 | -                       | 100,000                 |
| Total recognised gains and losses relating to the year | <u>4,883,324</u>        | <u>100,000</u>          |

The notes on pages 9 to 12 form part of these financial statements.

# THE FORESTRY PARTNERSHIP LLP

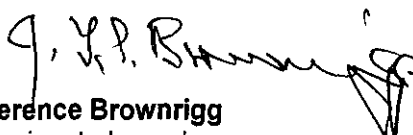
## Balance Sheet

At 30 September 2008

|                                                                | Note | £         | 2008<br>£               | £            | 2007<br>£               |
|----------------------------------------------------------------|------|-----------|-------------------------|--------------|-------------------------|
| <b>Fixed assets</b>                                            |      |           |                         |              |                         |
| Tangible assets                                                | 4    |           | 11,500,000              |              | 6,550,716               |
| Investments                                                    | 5    |           | 1                       |              | -                       |
|                                                                |      |           | <u>11,500,001</u>       |              | <u>6,550,716</u>        |
| <b>Current assets</b>                                          |      |           |                         |              |                         |
| Debtors                                                        | 6    | 91,779    |                         | 5,000        |                         |
| Cash at bank and in hand                                       |      | 404       |                         | 889          |                         |
|                                                                |      |           | <u>92,183</u>           | <u>5,889</u> |                         |
| <b>Creditors: amounts falling due within one year</b>          | 7    | (471,934) |                         | (874,054)    |                         |
| <b>Net current liabilities</b>                                 |      |           | <u>(379,751)</u>        |              | <u>(868,165)</u>        |
| <b>Total asset less current liabilities</b>                    |      |           | <u>11,120,250</u>       |              | <u>5,682,551</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 8    |           | (4,081,957)             |              | (3,428,993)             |
| <b>Net assets attributable to members</b>                      |      |           | <u><u>7,038,293</u></u> |              | <u><u>2,253,558</u></u> |
| <b>Represented by:</b>                                         |      |           |                         |              |                         |
| <b>Loans and other debts due to members within one year</b>    |      |           |                         |              |                         |
| Members' capital classified as a liability under FRS 25        | 9    |           | 7,921,776               |              | 3,039,021               |
| Other amounts                                                  | 9    |           | (883,483)               |              | (785,463)               |
|                                                                |      |           | <u><u>7,038,293</u></u> |              | <u><u>2,253,558</u></u> |
| <b>Total members' interests</b>                                |      |           |                         |              |                         |
| Loans and other debts due to members                           |      |           | <u><u>7,038,293</u></u> |              | <u><u>2,253,558</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 2007).

The financial statements were authorised for issue by the members on 24 July 2009 and signed on their behalf by:

  
**Terence Brownrigg**  
 Designated member

The notes on pages 9 to 12 form part of these financial statements.

# THE FORESTRY PARTNERSHIP LLP

## Notes to the Accounts

For the year ended 30 September 2008

### 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 2007) and the requirements of the Statement of Recommended Practice: Accounting by Limited Liability Partnerships (SORP).

#### *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 2007).

#### *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.

#### *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 2007). 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 behalf of the members. The retention is reflected in loans and other debts due from members and payments are charged against this retention.

#### *Investments*

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

### 2 Operating loss

|                                          | 2008<br>£ | 2007<br>£ |
|------------------------------------------|-----------|-----------|
| Operating loss is stated after charging: |           |           |
| Auditors' remuneration - audit           | 4,500     | 3,000     |
| Auditors' remuneration - other           | 16,425    | 10,250    |

### 3 Members' share of profits and losses

Profits and losses are shared among the members after the end of the year in accordance with agreed profit and loss sharing arrangements and fixed remuneration payments. Members are required to make their own provision for pensions from their profit shares.

|                           | 2008<br>No. | 2007<br>No. |
|---------------------------|-------------|-------------|
| Average number of members | 7           | 6           |

# THE FORESTRY PARTNERSHIP LLP

## Notes to the Accounts

For the year ended 30 September 2008

### 4 Tangible fixed assets

|                                         | Woodlands<br>£ |
|-----------------------------------------|----------------|
| <b>Valuation</b>                        |                |
| At 1 October 2007                       | 6,550,716      |
| Additions                               | 65,960         |
| Revaluation                             | 4,883,324      |
|                                         | <hr/>          |
| At 30 September 2008                    | 11,500,000     |
|                                         | <hr/>          |
| <b>Depreciation</b>                     |                |
| At 1 October 2007 and 30 September 2008 | -              |
|                                         | <hr/>          |
| <b>Net book value</b>                   |                |
| At 30 September 2008                    | 11,500,000     |
|                                         | <hr/>          |
| At 30 September 2007                    | 6,550,716      |
|                                         | <hr/>          |

The forests at Cefa ystrad Ffin and Reara were last valued on 30 November 2007 by John Clegg & Co, qualified surveyors, on the basis of market value. The historical cost of the forests is £5,913,405.

### 5 Fixed asset investments

|                              | 2008<br>£     | 2007<br>£     |
|------------------------------|---------------|---------------|
| Shares in group undertakings | <hr/> 1 <hr/> | <hr/> - <hr/> |

Fixed assets investments is one £1 ordinary share in TFP Company Nominee Limited, a wholly owned subsidiary of the LLP. The aggregate share capital and reserves of TFP Company Nominee Limited at 31 May 2008 is £1 and its profit for the year ended 31 May 2008 is £nil.

### 6 Debtors

|                                | 2008<br>£          | 2007<br>£         |
|--------------------------------|--------------------|-------------------|
| Trade debtors                  | -                  | 5,000             |
| Other debtors                  | 6,534              | -                 |
| Prepayments and accrued income | 85,245             | -                 |
|                                | <hr/> 91,779 <hr/> | <hr/> 5,000 <hr/> |

# THE FORESTRY PARTNERSHIP LLP

## Notes to the Accounts

For the year ended 30 September 2008

### 7 Creditors: amounts falling due within one year

|                                    | 2008<br>£      | 2007<br>£      |
|------------------------------------|----------------|----------------|
| Bank loans and overdrafts          | 214,169        | 589,807        |
| Trade creditors                    | 56,485         | 11,156         |
| VAT                                | -              | 26,127         |
| Amounts owed to group undertakings | 1              | -              |
| Other creditors                    | 98,819         | -              |
| Accruals and deferred income       | 102,460        | 246,964        |
|                                    | <u>471,934</u> | <u>874,054</u> |

Details of the security over the bank loans and overdraft are disclosed in note 8.

### 8 Creditors: amounts falling due after more than one year

|                                               | 2008<br>£        | 2007<br>£        |
|-----------------------------------------------|------------------|------------------|
| Bank loans                                    | <u>4,081,957</u> | <u>3,428,993</u> |
| Amounts are due within the following periods: |                  |                  |
| Between one and two years                     | -                | 300,000          |
| Between two and five years                    | -                | 900,000          |
| In five years or more                         | 4,081,957        | 2,228,993        |
|                                               | <u>4,081,957</u> | <u>3,428,993</u> |

During the year ended 30 September 2007 the LLP had three term loans. On the 29 January 2008 these loans were rolled into one larger term loan of £4.1m.

The bank loans and overdraft are secured by a standard security over the land and by a guarantee made by TFP Company Nominee Limited up to £2m.

# THE FORESTRY PARTNERSHIP LLP

## Notes to the Accounts

For the year ended 30 September 2008

### 9 Members' interests

|                                                     | Members' capital<br>£ | Revaluation reserve<br>£ | Total<br>£       | Other loans and debts due to/from members' £ | Total members' interests<br>£ |
|-----------------------------------------------------|-----------------------|--------------------------|------------------|----------------------------------------------|-------------------------------|
| Members' interests at 1 October 2007                | 2,335,750             | 703,271                  | 3,039,021        | (785,463)                                    | 2,253,558                     |
| Loss for the financial year attributable to members | -                     | -                        | -                | (44,020)                                     | (44,020)                      |
| Members' interests after loss for the year          | 2,335,750             | 703,271                  | 3,039,021        | (829,483)                                    | 2,209,538                     |
| Surplus arising on revaluation of fixed assets      | -                     | 4,883,324                | 4,883,324        | -                                            | 4,883,324                     |
| Capital introduced by members                       | 1,040,000             | -                        | 1,040,000        | -                                            | 1,040,000                     |
| Repayments of capital                               | (1,040,569)           | -                        | (1,040,569)      | -                                            | (1,040,569)                   |
| Drawings and distribution to members                | -                     | -                        | -                | (54,000)                                     | (54,000)                      |
| At 30 September 2008                                | <u>2,335,181</u>      | <u>5,586,595</u>         | <u>7,921,776</u> | <u>(883,483)</u>                             | <u>7,038,293</u>              |

Losses/profits for the year are divided based on the loss/profit sharing ratio applying for the period. For the year ended 30 September 2008, losses were allocated in proportion to the capital provided by each member.

Members' capital and other interests rank after unsecured creditors discharging the liabilities of the LLP in the event of winding up. The amount of capital each equity member is required to subscribe is determined by the members and under the LLP agreement of The Forestry Partnership LLP, a member can only withdraw capital when he or she ceases to be a member.

### 10 Controlling party

There is no overall controlling party.

### 11 Non-audit services

In common with many other entities of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.