

THE FORESTRY PARTNERSHIP 2008 LLP

Limited Liability Partnership registration number SO300708

Members' Report and Financial Statements

For the year ended 30 September 2011

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THE FORESTRY PARTNERSHIP 2008 LLP
Financial statements for the year ended 30 September 2011

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THE FORESTRY PARTNERSHIP 2008 LLP

Designated members, officers and advisers

Designated Members

* Member of Investment Committee

Baronloch Limited
Victor Beamish
Terence Brownrigg *
Anthony Cameron
Richard Davidson *
Jane Ferguson
Nicholas Ferguson *
Guy Nominees Limited (D C Guy & D C Guy SIPP)
Margaret Haughton
Thomas Hogg
PFP General Partner Limited
Reo Stakis Limited (Reo Stakis Charitable Foundation)
SPL Global Forestry (NR3) IC Limited
SPL Sustainable Opportunities (SO2) IC Limited
Alexandros Stakis * (Himself and Nina Stakis)
Stakis SIPP Nominee Co Limited (Andros Stakis SIPP)
The Shareholding & Investment Trust Limited (Lady Stakis beneficiaries)
Gudrun Von Tevenar
William Weston

Registered office

Suite G, Riverview House
Friarton Road
Perth
PH2 8DF

Registered number

SO300708

Auditors

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Principal Bankers

Adam & Company plc
25 St Andrew Square
Edinburgh
EH2 1AF

Solicitors

Gillespie Macandrew LLP
5 Atholl Crescent
Edinburgh
EH3 8EJ

THE FORESTRY PARTNERSHIP 2008 LLP

Investment Committee's report to the members for the year ended 30 September 2011

The Investment Committee present their report and the financial statements of the limited liability partnership for the year ended 30 September 2011.

Principal activity

The principal activity and core business of the limited liability partnership continues to be the ownership and commercial operation of forests.

Review of the business

Turnover has increased during the year by 99% to £1,994,105. The Investment Committee consider the net income for the financial year to be satisfactory in light of difficult trading conditions.

Designated Members

The members who served during the year were:

Baronloch Limited	(appointed 24 August 2011)
Victor Beamish	
Terence Brownrigg *	
Anthony Cameron	
Richard Davidson *	
Jane Ferguson	
Nicholas Ferguson *	
Guy Nominees Limited (D C Guy & D C Guy SIPP)	
Margaret Haughton	
Thomas Hogg	
PFP General Partner Limited	
Reo Stakis Limited (Reo Stakis Charitable Foundation)	
SPL Global Forestry (NR3) IC Limited	
SPL Sustainable Opportunities (SO2) IC Limited	
Alexandros Stakis * (Himself and Nina Stakis)	
Stakis SIPP Nominee Co Limited (Andros Stakis SIPP)	
The Shareholding & Investment (Property) Limited	(resigned 1 September 2011)
The Shareholding & Investment Trust Limited (Lady Stakis beneficiaries)	
Gudrun Von Tevenar	
William Weston	

* Member of Investment Committee

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 FORESTRY PARTNERSHIP 2008 LLP

Investment Committee's report to the members for the year ended 30 September 2011 (continued)

Members' responsibilities

The members have delegated the authority for the preparation of the report and the financial statements to the Investment Committee.

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounts Standards and applicable law). Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the limited liability partnership and of the surplus or deficit of the limited liability partnership for that period. In preparing these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

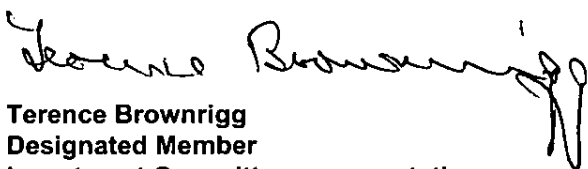
To the knowledge and belief of the designated members, there is no relevant information that the limited liability partnership's auditors are not aware of, and the designated members have taken all the steps necessary to ensure they are aware of any relevant information, and to establish that the limited liability partnership's auditors are aware of the information.

Auditors

The auditors, Scott-Moncrieff, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The above report has been prepared in accordance with the special provisions relating to limited liability partnerships subject to the small limited liability partnerships' regime within Part 15 of the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

This report was approved by the board of members on 2 March 2012 and signed on its behalf by:


Terence Brownrigg
Designated Member
Investment Committee representative

THE FORESTRY PARTNERSHIP 2008 LLP

Independent auditors' report to the Members of The Forestry Partnership 2008 LLP

We have audited the financial statements of The Forestry Partnership 2008 LLP for the year ended 30 September 2011 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 April 2008).

This report is made solely to the limited liability partnership's members as a body, in accordance with Section 495 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008). 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 partnerships members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the Members' Responsibilities Statement set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements.

Opinion

In our opinion:

- the financial statements have been properly prepared, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;
- the financial statements have been properly prepared in accordance with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) (Regulations 2008); and
- the financial statements give a true and fair view of the statement of the limited liability partnership's affairs as at 30 September 2011, and of its results for the year then ended.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

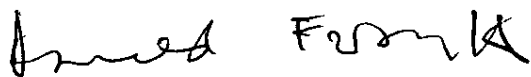
THE FORESTRY PARTNERSHIP 2008 LLP

Independent auditors' report to the Members of The Forestry Partnership 2008 LLP (continued)

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 (as applied by the Limited Liability Partnerships) (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the members were not entitled to prepare the financial statements and the investment committee's report in accordance with the small limited liability partnerships regime.



Donald Forsyth (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor
Registered Auditor
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 2 March 2012

THE FORESTRY PARTNERSHIP 2008 LLP

Income and expenditure account for the year ended 30 September 2011

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		<u>£</u>	<u>£</u>
Turnover	2	1,994,105	1,001,747
Administrative expenses		(1,214,636)	(581,410)
Other operating income	3	<u>-</u>	<u>15,658</u>
Net operating income	4	779,469	435,995
Loss on sale of property		<u>-</u>	<u>(5,124)</u>
Net income on ordinary activities before interest		779,469	430,871
Other interest receivable and similar income		8,457	65,891
Interest payable and similar charges		(210,013)	(123,622)
Net income for the financial year available for discretionary division among members		577,913	373,140
Allocation of net income	5	<u>(577,913)</u>	<u>(373,140)</u>
Net income for the financial year after discretionary division among members		<u>-</u>	<u>-</u>

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

THE FORESTRY PARTNERSHIP 2008 LLP
Statement of total recognised gains and losses
For the year ended 30 September 2011

	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Net income for the financial year	577,913	373,140
Unrealised surplus on revaluation of forests	<u>1,189,202</u>	<u>926,927</u>
Total recognised gains and losses recognised since the last annual report	<u><u>1,767,115</u></u>	<u><u>1,300,067</u></u>

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

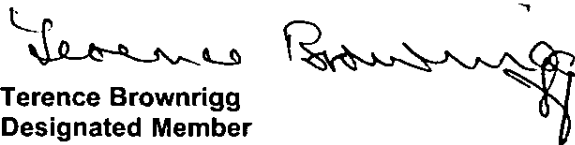
THE FORESTRY PARTNERSHIP 2008 LLP

Balance sheet at 30 September 2011

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		<u>£</u>	<u>£</u>
Fixed assets			
Tangible assets	6	38,000,000	31,455,000
Current assets			
Debtors	7	316,176	709,107
Cash at bank and in hand		1,430,607	1,508,467
		<u>1,746,783</u>	<u>2,217,574</u>
Creditors: amounts falling due within one year	8	<u>(1,029,209)</u>	<u>(879,073)</u>
Net current assets		<u>717,574</u>	<u>1,338,501</u>
Total assets less current liabilities		<u>38,717,574</u>	<u>32,793,501</u>
Creditors: amounts falling due after more than one year	9	<u>(8,898,580)</u>	<u>(4,297,647)</u>
Net assets attributable to members		<u><u>29,818,994</u></u>	<u><u>28,495,854</u></u>
Represented by			
Loans and other debts due to members within one year			
Other amounts	10	3,659,287	3,506,872
Equity			
Members' other interests - Other reserves classified as equity under FRS25	10	17,424,808	17,443,285
Revaluation reserve	10	8,734,899	7,545,697
		<u>26,159,707</u>	<u>24,988,982</u>
Net assets attributable to members		<u><u>29,818,994</u></u>	<u><u>28,495,854</u></u>
Total members' interests			
Loans and other debts due to members		3,659,287	3,506,872
Members' other interests	10	26,159,707	24,988,982
		<u><u>29,818,994</u></u>	<u><u>28,495,854</u></u>

These financial statements have been prepared in accordance with the special provisions relating to limited liability partnerships subject to the small limited liability partnerships' regime within Part 15 of the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were authorised for issue by the board of members on 2 March 2012 and signed on its behalf by:



Terence Brownrigg
Designated Member
Investment Committee representative

Limited Liability Partnership Registration No. SO300708

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

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2011

1 Accounting policies

Going concern

The LLP has a strong balance sheet and no liquidity issues. Furthermore the Investment Committee are of the opinion that the LLP can continue to meet its obligations as they fall due for the foreseeable future and that it is therefore appropriate for these financial statements to be prepared on a going concern basis.

Basis of accounting

The financial statements are prepared on the historical cost convention as modified by the revaluation of certain fixed assets and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships.

The financial statements do not include a cash flow statement because the limited liability partnership, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents the total amount estimated to be receivable by the LLP for forestry income during the year, excluding VAT.

Tangible fixed assets

Tangible fixed assets consist of forests, which are revalued at open market value in accordance with Financial Reporting Standards for Smaller Entities (effective April 2008). These are considered to have a useful life of more than 50 years and therefore are not depreciated.

Government grants

Government grants in respect of capital expenditure are treated as deferred income and are credited to the income and expenditure account over the estimated useful life of the assets to which they relate. Revenue grants are credited to the income and expenditure account in the period in which they are earned.

Allocation of net income

A member's entitlement to a share of the net income for the year, as defined by the LLP agreement, or other net income sharing agreement, is accounted for as an allocation of net income. Unallocated surpluses and deficits are included within "other reserves".

Tax provisions

The taxation payable on profits is the personal liability of the members during the year.

2 Turnover

The turnover and net operating income are attributable to the one principal activity of the limited liability partnership.

3 Other operating income

	2011	2010
	£	£
Government grants received	-	15,658

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2011 (continued)

4 Net operating income

This is stated after charging:

	2011	2010
	£	£
Auditors' remuneration - Audit fee	4,600	4,600
Auditors' remuneration - fees for non audit services	10,925	13,325

5 Information in relation to members

	2011	2010
	£	£
Net income allocated to members	577,913	373,140

	2011	2010
	No.	No.
The number of members at the year-end	19	19

6 Tangible fixed assets

	Forests
	£
Cost or valuation:	
At 1 October 2010	31,455,000
Additions	5,355,798
Revaluation	1,189,202
At 30 September 2011	38,000,000
Depreciation:	
At 1 October 2010 and 30 September 2011	-
Net book value:	
At 30 September 2011	38,000,000
At 30 September 2010	31,455,000

The net book value of forests at 30 September 2011 is made up as follows:

	2011	2010
	£	£
Forests	38,000,000	31,455,000

The forest portfolio was last revalued independently on 31 December 2010 by John Clegg & Co, qualified surveyors, on the basis of market value at £30,500,000. The Investment Committee have included a valuation of £38,000,000 at 30 September 2011 as prepared by Aitchesse Limited, the LLP's forestry managers. The John Clegg & Co valuation was prior to the acquisition of the new forest during the year. The historical cost of the forests at 30 September 2011 is £28,811,158 (2010: £23,913,603).

THE FORESTRY PARTNERSHIP 2008 LLP

**Notes to the financial statements
for the year ended 30 September 2011 (continued)**

7 Debtors

	2011	2010
	£	£
Trade debtors	260,388	245,584
Other debtors	55,788	463,523
	316,176	709,107

8 Creditors: amounts falling due within one year

	2011	2010
	£	£
Bank loans	399,053	399,223
Trade creditors	391,586	421,194
Other creditors	141,143	58,656
Other tax and social security	97,427	-
	1,029,209	879,073

Details of security are disclosed in note 9.

9 Creditors: amounts falling due after more than one year

	2011	2010
	£	£
Bank loans	8,898,580	4,297,647
Analysis of loan repayments		
Bank loans		
Within one year or on demand	399,053	399,223
Between two and five years	1,601,035	1,600,000
After five years	7,297,545	2,697,647
	9,297,633	4,696,870
Less: amounts included in current liabilities (note 8)	(399,053)	(399,223)
	8,898,580	4,297,647

The LLP has two bank loans which are each secured by a standard security over the LLP's forests. The first loan is repayable in fixed and variable instalments over its 10 year term. The capital of the second loan is repayable in one instalment on 4 April 2019, although amounts can be repaid earlier.

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2011 (continued)

10 Members' interests

	Members' capital	Revaluation reserve	Total	Members' current accounts	Total members' interests
	£	£	£	£	
Members' interests at 1 October 2010	17,443,285	7,545,697	24,988,982	3,506,872	28,495,854
Net income allocated to members	-	-	-	577,913	577,913
Members' interests after net income for the year	17,443,285	7,545,697	24,988,982	4,084,785	29,073,767
Surplus on revaluation of fixed assets	-	1,189,202	1,189,202	-	1,189,202
Drawings	-	-	-	(443,975)	(443,975)
Other movements	(18,477)	-	(18,477)	18,477	-
Members' interests at 30 September 2011	<u>17,424,808</u>	<u>8,734,899</u>	<u>26,159,707</u>	<u>3,659,287</u>	<u>29,818,994</u>

Members' current accounts represents other loans and debts due to members.

Net income for the year is allocated to members based on the net income sharing ratio applying for the period. For the year ended 30 September 2011, net income was allocated in proportion to total members' interests.

In the event of a winding up, members' capital and other interests rank after unsecured creditors when discharging the liabilities of the LLP. 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 2008 LLP. A member can only withdraw capital on cessation of membership or when it is agreed by the members, from time to time, that a partial return of capital may be made.

11 Controlling Interests

In the opinion of the members there is no controlling party as defined by Financial Reporting Standard No 8 "Related party disclosures".

12 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.