



Scott-Moncrieff
business advisers and accountants

THE FORESTRY PARTNERSHIP 2008 LLP

Limited Liability Partnership registration number SO300708.

Members' Report and Financial Statements

For the year ended 30 September 2013

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THE FORESTRY PARTNERSHIP 2008 LLP
Financial statements for the year ended 30 September 2013

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THE FORESTRY PARTNERSHIP 2008 LLP
Designated members, officers and advisers

Designated Members

Baronloch Limited
Victor Beamish
Terence Brownrigg *
Anthony Cameron
Richard Davidson *
Jane Ferguson
Nicholas Ferguson *
Guy Nominees Limited (D C Guy & D C Guy SIPP)
Thomas Hogg
PFP General Partner Limited
Reo Stakis Limited (Reo Stakis Charitable Foundation)
Alexandros Stakis * (Himself and Nina Stakis)
Niki Stakis-Stylianides
Stakis SIPP Nominee Co Limited (Andros Stakis SIPP)
The Shareholding & Investment Trust Limited (Lady Stakis beneficiaries)
Gudrun Von Tevenar
William Weston

Margaret Haughton (died 11 February 2013)
SPL Global Forestry (NR3) IC Limited (resigned 17 July 2013)
SPL Sustainable Opportunities (SO2) IC Limited (resigned 17 July 2013)

* Member of Investment Committee

Registered office

Suite G, Riverview House
Friarton Road
Perth
PH2 8DF

Registered number

SO300708

Auditor

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

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 2013

The Investment Committee present their report and the financial statements of the limited liability partnership for the year ended 30 September 2013.

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

The value of members' interests at 30 September 2012 has been restated upwards by £5m since the annual report prepared to that date. This prior year adjustment reflects the valuation (for bank security purposes) prepared by John Clegg & Co, Chartered Surveyors, in December 2012.

During the year two members' interests were bought out by the partnership, at a total cost of £9.5m. To fund this purchase the partnership sold Raera forest for £12.5m, and at a profit before costs of £1.75m over the 2012 book value. Bank loans of £2.5m were repaid in the year, in addition to scheduled repayments of £100,000 per quarter. The independent revaluation of the remaining forests as at 30 September 2013 (referred to in note 7 of the financial statements) resulted in an uplift of £5.05m.

Timber sales of £1.637m included a substantial proportion of timber blown in the January 2012 gales, for which full insurance compensation was received and accounted for in the 2012 financial statements.

Designated Members

A full list of the designated members is shown on page 1.

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.

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.

THE FORESTRY PARTNERSHIP 2008 LLP

Investment Committee's report to the members for the year ended 30 September 2013 (continued)

Disclosure of information to auditors

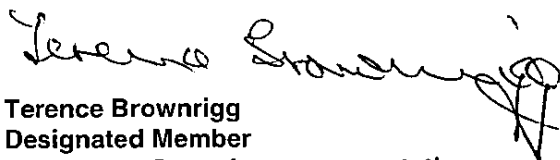
To the best knowledge and belief of the designated members, there is no relevant information that the limited liability partnership's auditor is not aware of, and the designated members have taken all the steps necessary to ensure the designated members are aware of any relevant information, and to establish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

Auditor

The auditor, 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 14 February 2014 and signed on its behalf by:



Terence Brownrigg
Designated Member
Investment Committee representative

THE FORESTRY PARTNERSHIP 2008 LLP

Independent auditor's 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 2013 which are set out on pages 6 to 13. 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) and the Limited Liability Partnership Statement of Recommended Practice 2010.

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 2, 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, including "APB Ethical Standards - Provisions Available to Smaller Entities (Revised)", in the circumstances set out in note 14 to the financial statements.

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. In addition we read all the financial and non-financial information in the Report of the Investment Committee to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

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 2013, 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.

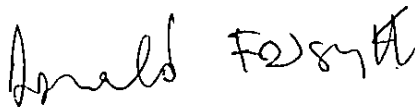
THE FORESTRY PARTNERSHIP 2008 LLP

Independent auditor's 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; or
- 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
Chartered Accountants
Exchange Place 3
Sempole Street
Edinburgh
EH3 8BL

14 February 2014

THE FORESTRY PARTNERSHIP 2008 LLP

Income and expenditure account for the year ended 30 September 2013

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
		£	£
Turnover	2	1,776,704	1,833,542
Administrative expenses		(1,493,720)	(1,273,618)
Wind blow insurance claims receivable		(62,781)	1,278,553
Other operating income	3	39,959	83,094
Net operating income	4	260,162	1,921,571
Profit on sale of fixed assets in continued operations		1,561,009	-
Net income on ordinary activities before interest		1,821,171	1,921,571
Other interest receivable and similar income		16,276	12,868
Interest payable and similar charges		(304,357)	(302,418)
Net income for the financial year available for division among members		1,533,090	1,632,021
Allocation of net income	5	(1,533,090)	(1,632,021)
Net income for the financial year after division among members		-	-

The notes on pages 9 to 13 form part of these financial statements.

THE FORESTRY PARTNERSHIP 2008 LLP
Statement of total recognised gains and losses
For the year ended 30 September 2013

	2013	Restated 2012
	£	£
Net income for the financial year	1,533,090	1,632,021
Unrealised surplus on revaluation of forests	5,050,000	8,500,000
Total recognised gains and losses recognised in the year	6,583,090	10,132,021
Prior year adjustment (note 6)	5,000,000	-
Total recognised gains and losses recognised since the last annual report	11,583,090	10,132,021

The notes on pages 9 to 13 form part of these financial statements.

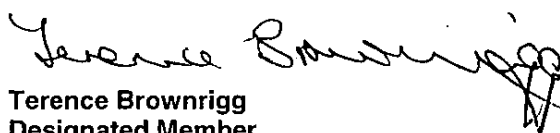
THE FORESTRY PARTNERSHIP 2008 LLP

Balance sheet at 30 September 2013

	<u>Notes</u>	<u>2013</u>	<u>Restated 2012</u>
		<u>£</u>	<u>£</u>
Fixed assets			
Tangible assets	7	40,800,000	46,500,000
Current assets			
Debtors	8	690,757	1,608,891
Cash at bank and in hand		2,000,725	1,281,573
Creditors: amounts falling due within one year	9	2,691,482 (975,925)	2,890,464 (998,495)
Net current assets		<u>1,715,557</u>	<u>1,891,969</u>
Total assets less current liabilities		<u>42,515,557</u>	<u>48,391,969</u>
Creditors: amounts falling due after more than one year	10	(5,602,396)	(8,501,050)
Net assets attributable to members		<u><u>36,913,161</u></u>	<u><u>39,890,919</u></u>
Represented by			
Loans and other debts due to members within one year			
Other amounts	11	8,757,008	5,231,212
Equity			
Members' other interests - Other reserves classified as equity under FRS25	11	11,424,808	17,424,808
Revaluation reserve	11	16,731,345	17,234,899
		<u>28,156,153</u>	<u>34,659,707</u>
Net assets attributable to members		<u><u>36,913,161</u></u>	<u><u>39,890,919</u></u>
Total members' interests			
Loans and other debts due to members		8,757,008	5,231,212
Members' other interests	11	28,156,153	34,659,707
		<u><u>36,913,161</u></u>	<u><u>39,890,919</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) and the Limited Liability Partnership Statement of Recommended Practice 2010.

The financial statements were authorised for issue by the board of members on 14 February 2014 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 13 form part of these financial statements.

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2013

1 Accounting policies

Going concern

The LLP has a strong balance sheet and no liquidity issues. The Investment Committee is of the opinion that the LLP can continue to meet its obligations as they fall due for the foreseeable future and has therefore prepared these financial statements 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 Limited Liability Partnership Statement of Recommended Practice 2010 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) and the Limited Liability Partnership Statement of Recommended Practice 2010.

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

	2013	2012
	£	£
Government grants received	39,959	83,094

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2013 (continued)

4 Net operating income

This is stated after charging:

	2013	2012
	£	£
Auditors' remuneration - Audit fee	4,950	4,750
Auditors' remuneration - fees for non audit services	10,850	11,100

5 Information in relation to members

	2013	2012
	£	£
Net income allocated to members	1,533,090	1,632,021

	2013	2012
	No.	No.
The number of members at the year-end	17	20

6 Prior year adjustment

	2013	2012
	£	£
This represents the following:		
Forestry revaluation included in the statement of total recognised gains and losses	5,000,000	-

The value of members' interests at 30 September 2012 has been restated upwards by £5m since the annual report prepared to that date. This prior year adjustment reflects the valuation (for bank security purposes) prepared by John Clegg & Co, Chartered Surveyors, in December 2012.

The effect on the balance sheet is an increase in asset values and an increase in the revaluation reserve of £5,000,000. The statement of total recognised gains and losses has been amended to show the increased level of the revaluation gain for the year to 30 September 2012.

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2013 (continued)

7 Tangible fixed assets

	Forests
	£
Valuation:	
At 1 October 2012, as previously reported	41,500,000
Prior year adjustment	5,000,000
As restated	46,500,000
Disposal	(10,750,000)
Revaluation	5,050,000
At 30 September 2013	40,800,000
Depreciation:	
At 1 October 2012 and 30 September 2013	-
Net book value:	
At 30 September 2013	40,800,000
At 30 September 2012, as restated	46,500,000

An independent valuation of the forest portfolio of £40,800,000 was carried out by John Clegg & Co, Chartered Surveyors, as at 30 September 2013. As noted above, Raera forest was sold during the year.

Although it is a requirement to disclose the historic cost of the forests under the Companies Act 2006, it is the opinion of the Investment Committee that it is not a meaningful figure given that forests grow and are being harvested as they become mature.

8 Debtors

	2013	Restated 2012
	£	£
Trade debtors	680,521	325,483
Other debtors	10,236	1,283,408
	690,757	1,608,891

9 Creditors: amounts falling due within one year

	2013	2012
	£	£
Bank loans and overdrafts	399,222	399,193
Trade creditors	430,514	402,515
Other creditors	84,283	196,787
Other tax and social security	61,906	-
	975,925	998,495

Details of security are disclosed in note 10.

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2013 (continued)

10 Creditors: amounts falling due after more than one year

	2013	2012
	£	£
Bank loans	<u>5,602,396</u>	<u>8,501,050</u>
Analysis of loan repayments		
Bank loans		
Within one year or on demand	399,222	399,193
Between two and five years	1,599,791	1,600,957
After five years	4,002,605	6,900,093
	<u>6,001,618</u>	<u>8,900,243</u>
Less: amounts included in current liabilities (note 9)	<u>(399,222)</u>	<u>(399,193)</u>
	<u>5,602,396</u>	<u>8,501,050</u>

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.

11 Members' interests

	Members' capital	Revaluation reserve	Total	Members' current accounts	Total members' interests
	£	£	£	£	
Members' interest at 1 October 2012, as previously reported	17,424,808	12,234,899	29,659,707	5,231,212	34,890,919
Prior year adjustment	-	5,000,000	5,000,000	-	5,000,000
As restated	17,424,808	17,234,899	34,659,707	5,231,212	39,890,919
Net income allocated to members	-	-	-	1,533,090	1,533,090
Members' interests after net income for the year	17,424,808	17,234,899	34,659,707	6,764,302	41,424,009
Surplus on revaluation of fixed assets	-	5,050,000	5,050,000	-	5,050,000
Payments to retiring members	(6,000,000)	-	(6,000,000)	(3,500,000)	(9,500,000)
Drawings	-	-	-	(60,848)	(60,848)
Realised revaluation gains on disposal	-	(5,553,554)	(5,553,554)	5,553,554	-
Members' interests at 30 September 2013	<u>11,424,808</u>	<u>16,731,345</u>	<u>28,156,153</u>	<u>8,757,008</u>	<u>36,913,161</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 2013, 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.

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2013 (continued)

12 Controlling Interests

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

13 Related parties

Aitchesse Limited is the company's forestry manager and are participators in the LLP through their wholly-owned subsidiary PFP General Partner Limited, a designated member of the LLP.

All transactions are on an arms-length basis. The following transactions and balances relate to the year:

	2013	2012
	£	£
Services acquired:		
Annual forestry manager fees	393,466	386,501
Other consultancy and ad hoc fees	77,500	40,000
Total fees	470,966	426,501
Year-end creditors:		
Trade creditors	94,850	120,231
Other creditors	2,938	2,938
Total creditors due within one year	97,788	123,169

14 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.