



Scott-Moncrieff
business advisers and accountants

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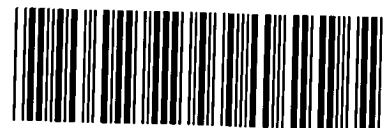
THE FORESTRY PARTNERSHIP 2008 LLP

Limited Liability Partnership registration number SO300708

Members' Report and Financial Statements

For the year ended 30 September 2014

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THE FORESTRY PARTNERSHIP 2008 LLP

Financial statements for the year ended 30 September 2014

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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
John Keogan (appointed 19 March 2014)
Patricia Keogan (appointed 19 March 2014)
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)
Gudrun Von Tevenar
William Weston (died 8 August 2014)

The Shareholding & Investment Trust Limited (Lady Stakis beneficiaries) (resigned 22 May 2014)

* 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 2014

The Investment Committee present their report and the financial statements of the limited liability partnership for the year ended 30 September 2014.

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 LLP performed strongly in the year to 30 September 2014. Net income was £725k and this together with the unrealised gains of £2,465k on the forest portfolio took the total return to £3,190k, representing an investment return of 8.6% for the year.

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 statements 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 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.

THE FORESTRY PARTNERSHIP 2008 LLP

Investment Committee's report to the members for the year ended 30 September 2014 (continued)

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 Investment Committee on 13.2.2015 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 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2014, 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.

Scott Moncrieff

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

Date: 13.2.15

THE FORESTRY PARTNERSHIP 2008 LLP

Income and expenditure account for the year ended 30 September 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		<u>£</u>	<u>£</u>
Turnover	2	1,947,489	1,776,704
Forestry and other expenses		(1,408,337)	(1,493,720)
Wind blow insurance claims		276,693	(62,781)
Other operating income	3	82,057	39,959
Net operating income	4	897,902	260,162
Profit on sale of fixed assets in continued operations		-	1,561,009
Net income on ordinary activities before interest		897,902	1,821,171
Other interest receivable and similar income		8,279	16,276
Interest payable and similar charges		(181,168)	(304,357)
Net income for the financial year available for division among members		725,013	1,533,090
Allocation of net income	5	(725,013)	(1,533,090)
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 2014**

	2014	2013
	£	£
Net income for the financial year	725,013	1,533,090
Unrealised surplus on revaluation of forests	2,465,000	5,050,000
Total gains recognised in the year	3,190,013	6,583,090
Prior year adjustment (note 6)	-	5,000,000
Total gains recognised since the last annual report	3,190,013	11,583,090

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

THE FORESTRY PARTNERSHIP 2008 LLP

Balance sheet at 30 September 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		<u>£</u>	<u>£</u>
Fixed assets			
Tangible assets	7	43,265,000	40,800,000
Current assets			
Debtors	8	395,121	690,757
Cash at bank and in hand		2,397,680	2,000,725
		<u>2,792,801</u>	<u>2,691,482</u>
Creditors: amounts falling due within one year	9	<u>(842,663)</u>	<u>(975,925)</u>
Net current assets		<u>1,950,138</u>	<u>1,715,557</u>
Total assets less current liabilities		<u>45,215,138</u>	<u>42,515,557</u>
Creditors: amounts falling due after more than one year	10	<u>(5,203,065)</u>	<u>(5,602,396)</u>
Net assets attributable to members		<u><u>40,012,073</u></u>	<u><u>36,913,161</u></u>
Represented by			
Loans and other debts due to members within one year			
Other amounts	11	9,390,920	8,757,008
Equity			
Members' other interests - Other reserves classified as equity under FRS25	11	11,424,808	11,424,808
Revaluation reserve	11	19,196,345	16,731,345
		<u>30,621,153</u>	<u>28,156,153</u>
Net assets attributable to members		<u><u>40,012,073</u></u>	<u><u>36,913,161</u></u>
Total members' interests			
Loans and other debts due to members		9,390,920	8,757,008
Members' other interests	11	30,621,153	28,156,153
		<u><u>40,012,073</u></u>	<u><u>36,913,161</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 approved by the Investment Committee on 13.2.2015 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 2014

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 considers it appropriate to prepare 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 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

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 principal activity of the limited liability partnership.

3 Other operating income

	2014	2013
	£	£
Government grants received	82,057	39,959

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2014 (continued)

4 Net operating income

This is stated after charging:

	2014	2013
	£	£
Auditors' remuneration - Audit fee	5,100	4,950
Auditors' remuneration - fees for non audit services	7,800	10,850

5 Information in relation to members

	2014	2013
	£	£
Net income allocated to members under the terms of the LLP agreement	725,013	1,533,090

	2014	2013
	No.	No.
The number of members at the year-end	18	17

6 Prior year adjustment

	2014	2013
	£	£
This represents the following:		
Forestry revaluation included in the statement of total recognised gains and losses	-	5,000,000

The financial statements for the year ended 30 September 2013 reported an increase to the value of members' interests at 30 September 2012 of £5m since the annual report prepared to that date. This adjustment reflected the valuation prepared by John Clegg & Co, Chartered Surveyors, in December 2012.

The effect on the balance sheet was an increase in asset values and an increase in the revaluation reserve of £5,000,000. The statement of total recognised gains and losses had 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 2014 (continued)**

7 Tangible fixed assets

	Forests
	£
Valuation:	
At 1 October 2013	40,800,000
Revaluation	2,465,000
	<u>43,265,000</u>
At 30 September 2014	<u>43,265,000</u>
Net book value:	
At 30 September 2014	<u>43,265,000</u>
At 30 September 2013	<u>40,800,000</u>

The last independent valuation of the forest portfolio was carried out by John Clegg & Co, Chartered Surveyors, and produced a market valuation of £43,265,000 as at 30 September 2014.

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

	2014	2013
	£	£
Trade debtors	364,482	680,521
Other debtors	30,639	10,236
	<u>395,121</u>	<u>690,757</u>

9 Creditors: amounts falling due within one year

	2014	2013
	£	£
Bank loans and overdrafts	399,814	399,222
Trade creditors	343,982	430,514
Other creditors	86,630	84,283
Other tax and social security	12,237	61,906
	<u>842,663</u>	<u>975,925</u>

Details of security are disclosed in note 10.

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2014 (continued)

10 Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Bank loans	<u>5,203,065</u>	<u>5,602,396</u>
Analysis of loan repayments		
Bank loans		
Within one year or on demand	399,814	399,222
Between two and five years	4,098,078	1,599,791
After five years	<u>1,104,987</u>	<u>4,002,605</u>
	5,602,879	6,001,618
Less: amounts included in current liabilities (note 9)	<u>(399,814)</u>	<u>(399,222)</u>
	<u>5,203,065</u>	<u>5,602,396</u>

The LLP has two bank loans which are each secured by a standard security over the LLP's forests.

The first loan, £3.1m outstanding at 30 September 2014 (2013: £3.5m), is repayable in fixed and variable instalments over its 10 year term.

The capital of the second loan, £2.5m, 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' interests at 1 October 2013	11,424,808	16,731,345	28,156,153	8,757,008	36,913,161
Net income allocated to members	-	-	-	725,013	725,013
Members' interests after net income for the year	11,424,808	16,731,345	28,156,153	9,482,021	37,638,174
Surplus on revaluation of fixed assets	-	2,465,000	2,465,000	-	2,465,000
Drawings	-	-	-	(91,101)	(91,101)
Members' interests at 30 September 2014	<u>11,424,808</u>	<u>19,196,345</u>	<u>30,621,153</u>	<u>9,390,920</u>	<u>40,012,073</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 2014, 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.

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".

THE FORESTRY PARTNERSHIP 2008 LLP

Notes to the financial statements for the year ended 30 September 2014 (continued)

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. Digby Guy, a director of Aitchesse Limited, is also a member of the LLP.

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

	2014	2013
	£	£
Services acquired:		
Annual forestry manager fees	416,658	393,466
Other consultancy and ad hoc fees	21,265	77,500
Total fees	437,923	470,966
Year-end creditors:		
Trade creditors	-	94,850
Other creditors	2,938	2,938
Total creditors due within one year	2,938	97,788

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.