

THE FORESTRY PARTNERSHIP 2008 LLP

Company registration number SO300708

FILING FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020



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THE FORESTRY PARTNERSHIP 2008 LLP

CONTENTS

	Page
Statement of Financial Position	1 - 2
Reconciliation of Members' Interests	3
Notes to the Financial Statements	4 - 9

THE FORESTRY PARTNERSHIP 2008 LLP
REGISTERED NUMBER: SO300708

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	142,375,000	112,415,000
		<u>142,375,000</u>	<u>112,415,000</u>
Current assets			
Debtors: amounts falling due within one year	5	707,545	351,551
Cash at bank and in hand		4,568,871	4,637,459
		<u>5,276,416</u>	<u>4,989,010</u>
Creditors: Amounts falling due within one year	6	(705,251)	(3,062,777)
Net current assets		<u>4,571,165</u>	<u>1,926,233</u>
Total assets less current liabilities		<u>146,946,165</u>	<u>114,341,233</u>
Creditors: amounts falling due after more than one year	7	(7,700,000)	(6,200,000)
		<u>139,246,165</u>	<u>108,141,233</u>
Net assets		<u><u>139,246,165</u></u>	<u><u>108,141,233</u></u>
Represented by:			
Loans and other debts due to members within one year			
Other amounts	8	4,374,800	7,348,186
		<u>4,374,800</u>	<u>7,348,186</u>
Members' other interests			
Members' capital classified as equity		46,198,948	44,533,785
Revaluation reserve classified as equity		88,672,417	56,259,262
		<u>134,871,365</u>	<u>100,793,047</u>
		<u><u>139,246,165</u></u>	<u><u>108,141,233</u></u>
Total members' interests			
Loans and other debts due to Members	8	4,374,800	7,348,186
Members' other interests		134,871,365	100,793,047
		<u>139,246,165</u>	<u>108,141,233</u>

THE FORESTRY PARTNERSHIP 2008 LLP
REGISTERED NUMBER:SO300708

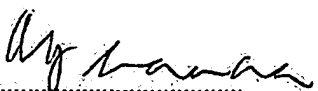
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2020

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 Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, and in accordance with Section 1A 'Small Entities' of FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities), and the Statement of Recommended Practice Accounting by Limited Liability Partnerships.

The financial statements have been delivered in accordance with the provisions applicable to LLPs subject to the small LLPs regime.

The entity has opted not to file the Statement of Comprehensive Income in accordance with the provisions applicable to entities subject to the small LLPs regime.

The financial statements were approved and authorised for issue by the Members and were signed on their behalf by:


.....
Ronald Hanna
Designated Member & Investment Committee Member

Date: 10/3/21

The notes on pages 4 to 9 form part of these financial statements.

THE FORESTRY PARTNERSHIP 2008 LLP

RECONCILIATION OF MEMBERS' INTERESTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	EQUITY Members' other interests			DEBT Loans and other debts due to members less any amounts due from members in debtors	Total members' interests
	Members' capital (classified as equity) £	Revaluation reserve £	Total £	Current accounts £	Total £
Balance at 1 October 2018	39,937,585	44,679,521	84,617,106	10,394,508	95,011,614
Net income allocated to Members	-	-	-	2,546,556	2,546,556
Movement in reserves	-	11,579,741	11,579,741	-	11,579,741
Capital amounts introduced by Members	6,060,000	-	6,060,000	-	6,060,000
Members' partial buyout - capital (*)	(1,463,800)	-	(1,463,800)	-	(1,463,800)
Members' partial buyout - other (*)	-	-	-	(5,349,050)	(5,349,050)
Distributions	-	-	-	(243,828)	(243,828)
Amounts due to Members				7,348,186	
Balance at 30 September 2019	44,533,785	56,259,262	100,793,047	7,348,186	108,141,233
Members' interests after net income for the year	44,533,785	56,259,262	100,793,047	7,348,186	108,141,233
Net income allocated to Members	-	-	-	(2,755,174)	(2,755,174)
Movement in reserves	-	32,413,155	32,413,155	-	32,413,155
Capital amounts introduced by Members	1,665,163	-	1,665,163	-	1,665,163
Distributions	-	-	-	(218,212)	(218,212)
Amounts due to Members				4,374,800	
Balance at 30 September 2020	46,198,948	88,672,417	134,871,365	4,374,800	139,246,165

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.

(*) Including accrued final settlements (and appropriate uplift during the year), the total partial buyout in the prior year was £6.8m.

THE FORESTRY PARTNERSHIP 2008 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. General information

These financial statements are presented in Pounds Sterling (GBP) as that is the currency in which the LLP's transactions are denominated. They comprise the financial statements of the LLP drawn up for the year ended 30 September 2020.

The continuing activities of The Forestry Partnership 2008 LLP is the ownership and commercial operation of forests and associated activities. This involves sustainable land management, harvesting tree crops under FSC certification and replanting to maximise commercial and environmental benefits.

The LLP is incorporated in United Kingdom and registered in Scotland. Details of the registered office can be found on the company information page of these financial statements. The LLP's registered number is SO300708.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law, the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (SORP) issued in January 2017 and United Kingdom Accounting Standards including Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

The preparation of financial statements in compliance with Section 1A 'Small Entities' of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company accounting policies.

The following principal accounting policies have been applied:

2.2 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.

This assessment of going concern includes the expected impact of COVID-19 to the entity in the 12 months following the signing of these financial statements.

THE FORESTRY PARTNERSHIP 2008 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the LLP has transferred the significant risks and rewards of ownership to the buyer;
- the LLP retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the LLP will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the LLP will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income in the year in which it is incurred.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

THE FORESTRY PARTNERSHIP 2008 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.7 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.

2.8 Tax provisions

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

2.9 Tangible fixed assets

Tangible fixed assets consist of various forests which are valued at open market value in accordance with FRS102. As the forests are to be revalued on an annual basis, depreciation is not provided for.

The policy of the LLP is to capitalise planting costs in accordance with FRS 102. New road costs are expensed to the profit and loss account.

2.10 Revaluation of tangible fixed assets

The forests are carried at current year open market value at the balance sheet date. A full valuation was obtained at the year-end.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Financial instruments

The LLP only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.14 Creditors

Short term creditors are measured at the transaction price.

THE FORESTRY PARTNERSHIP 2008 LLP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Employees

The entity has no employees.

The average monthly number of employees, including directors, during the year was 0 (2019 - 0).

4. Tangible fixed assets

	Land £	Timber £	Total £
Valuation			
At 1 October 2019	26,082,921	86,332,079	112,415,000
Additions	-	221,845	221,845
Revaluations	7,924,157	21,813,998	29,738,155
At 30 September 2020	<u>34,007,078</u>	<u>108,367,922</u>	<u>142,375,000</u>
Net book value			
At 30 September 2020	<u>34,007,078</u>	<u>108,367,922</u>	<u>142,375,000</u>
At 30 September 2019	<u>26,082,921</u>	<u>86,332,079</u>	<u>112,415,000</u>

An independent valuation of the forest portfolio was carried out by John Clegg & Co, Chartered Surveyors as at 30 September 2020.

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 the forests grow and are being harvested as they become mature.

5. Debtors

	2020 £	2019 £
Trade debtors	706,654	327,752
Other debtors	-	22,556
Prepayments and accrued income	891	1,243
	<u>707,545</u>	<u>351,551</u>

THE FORESTRY PARTNERSHIP 2008 LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

6. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	553,740	542,274
Other taxation and social security	64,046	-
Other creditors	-	2,422,450
Accruals and deferred income	87,465	98,053
	<u>705,251</u>	<u>3,062,777</u>

7. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	7,700,000	6,200,000
	<u>7,700,000</u>	<u>6,200,000</u>

Secured Loans

The LLP has one bank loan which is secured by a standard security over some of the LLP's forests and a cash deposit held in a separate account.

The capital of the loan is £7,700,000, repayable in one installment in March 2024, coinciding with the next continuation vote.

8. Loans and other debts due to Members

	2020 £	2019 £
Other amounts due to Members	4,374,800	7,348,186
	<u>4,374,800</u>	<u>7,348,186</u>

Loans and other debts due to Members rank equally with debts due to ordinary creditors in the event of a winding up.

THE FORESTRY PARTNERSHIP 2008 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

9. Related party transactions

Gresham House Asset Management Ltd (part of the Gresham House Plc group) is the company's forestry manager and is a participator in the LLP.

Annual forestry manager fees of £1,006,234 (2019: £878,715) were charged by Gresham House Forestry Limited in the year. There were additional ad hoc fees in relation to the purchase of forests of £nil (2019: £177,170).

There was a balance of £301,642 (2019: £273,498) due to Gresham House Forestry Limited included in trade creditors at the year-end.

10. Non-audit services

In common with many other entities of their size and nature the LLP use their auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

11. Auditors' information

The auditors' report on the financial statements for the year ended 30 September 2020 was unqualified and did not include any matter to which the auditor drew attention by way of emphasis.

The audit report was signed on 19 March 2021 by Michael Harkness (Senior Statutory Auditor) on behalf of Azets Audit Services.