

Limited Liability Partnership registration number SO300708 (Scotland)

THE FORESTRY PARTNERSHIP 2008 LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023
PAGES FOR FILING WITH REGISTRAR

THE FORESTRY PARTNERSHIP 2008 LLP

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THE FORESTRY PARTNERSHIP 2008 LLP

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	3	199,570,000		232,410,000	
Current assets					
Debtors	4	365,566		424,475	
Cash and cash equivalents		3,099,357		8,056,598	
		3,464,923		8,481,073	
Creditors: amounts falling due within one year	5	(8,663,555)		(941,271)	
Net current (liabilities)/assets		(5,198,632)		7,539,802	
Total assets less current liabilities		194,371,368		239,949,802	
Creditors: amounts falling due after more than one year	6	-		(7,700,000)	
Net assets attributable to members		194,371,368		232,249,802	
Represented by:					
Loans and other debts due to members within one year					
Amounts due in respect of profits		(1,957,961)		1,821,067	
Other amounts		8,303,274		8,087,782	
		6,345,313		9,908,849	
Members' other interests					
Members' capital classified as equity		60,391,359		60,391,359	
Revaluation reserve		127,634,696		161,949,594	
		194,371,368		232,249,802	

The members of the limited liability partnership have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnerships' regime.

The financial statements were approved by the members and authorised for issue on 10 January 2024 and are signed on their behalf by:

Ronald Hanna
Designated member

Limited Liability Partnership Registration No. SO300708

THE FORESTRY PARTNERSHIP 2008 LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

Limited liability partnership information

The Forestry Partnership 2008 LLP is a limited liability partnership incorporated in Scotland. The registered office is C/O Brodies LLP, Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP.

The limited liability partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in December 2021, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation land and timber at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the members have a reasonable expectation that the limited liability partnership has adequate resources to continue in operational existence for the foreseeable future. Thus the members continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

If, at the balance sheet date, completion of contractual obligations is dependent on external factors (and thus outside the control of the Limited Liability Partnership), then revenue is recognised only when the event occurs. In such cases, costs incurred up to the balance sheet date are carried forward as work in progress.

1.4 Tangible fixed assets

Land is initially measured at cost and subsequently measured at valuation, net of any impairment losses.

Under Section 34, entities have a choice to recognise and measure biological assets under the fair value model (where it can be reliably measured) or the cost model. The LLP has elected to recognise the timber (forests) owned under the fair value model.

Land	not depreciated
Timber	not depreciated

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

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.

1.5 Impairment of fixed assets

At each reporting period end date, the limited liability partnership reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the limited liability partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

THE FORESTRY PARTNERSHIP 2008 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

1.7 Financial instruments

The limited liability partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the limited liability partnership's statement of financial position when the limited liability partnership becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the limited liability partnership after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

2 Employees

The average number of persons (excluding members) employed by the partnership during the year was:

	2023 Number	2022 Number
Total	-	-

3 Tangible fixed assets

	Land £	Timber £	Total £
Cost or valuation			
At 1 October 2022	31,420,000	200,990,000	232,410,000
Additions	285,818	1,889,080	2,174,898
Revaluation	(380,818)	(34,634,080)	(35,014,898)
At 30 September 2023	31,325,000	168,245,000	199,570,000
Depreciation and impairment			
At 1 October 2022 and 30 September 2023	-	-	-
Carrying amount			
At 30 September 2023	31,325,000	168,245,000	199,570,000
At 30 September 2022	31,420,000	200,990,000	232,410,000

Some of the LLPs forests have been pledged to secure standard securities over the borrowings of the LLP.

Land and timber with a carrying amount of £199,570,000 were revalued at 30 September 2023 by Savills as independent valuers on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been £74,940,304 (2022 - £72,765,406).

4 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	348,557	338,210
Other debtors	17,009	86,265
	365,566	424,475

THE FORESTRY PARTNERSHIP 2008 LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

5 Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans and overdrafts	7,700,000	-
Trade creditors	769,861	721,449
Other creditors	193,694	219,822
	<u>8,663,555</u>	<u>941,271</u>

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. As is normal in the forestry sector, certain properties are subject to clawback arrangements with former owners. These clawback arrangements mean that some future benefits are shared with former owners.

The capital of the loan is £7,700,000, repayable in one instalment in September 2024. This has been arranged to align with the continuation vote in early 2024.

6 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Bank loans and overdrafts	-	7,700,000
	<u>-</u>	<u>7,700,000</u>

7 Loans and other debts due to members

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

8 Audit report information

The auditor's report was unqualified.

Senior Statutory Auditor:	James McBride
Statutory Auditor:	Azets Audit Services

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 £1,390,550 (2022: £1,411,281) were charged by Gresham House Asset Management Ltd in the year. There were additional ad hoc fees in relation to the purchase of forests of £17,500 (2022: £86,450).

There was a balance of £416,976 (2022: £414,772) due to Gresham House Asset Management Ltd included in trade creditors at the year-end.

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