

The Forestry Investment Plan  
Public Limited Company

Reports and Financial Statements  
for the year ended  
31 May 2010

**THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2010**

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**THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY**

**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

Paul Brosnan MA B.Sc.  
Trevor McHugh BA B.S.

**COMPANY SECRETARY**

Paul Brosnan MA B.Sc.

**REGISTERED OFFICE**

Eblana House  
Eblana Avenue  
Dun Laoghaire  
Co. Dublin

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2

**BANKERS**

Ulster Bank Ireland Limited  
Dun Laoghaire  
Co. Dublin

**SOLICITORS**

Lacy Walsh  
77 Strand Road  
Sandymount  
Dublin 4

# THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

## DIRECTORS' REPORT

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The directors present their annual report together with the audited financial statements for the year ended 31 May 2010.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Forestry Investment Plan Public Limited Company, a ten year investment fund, was launched in 2000. The main activity of the company is to manage and maintain the woodlands and forestry assets of the company. All lands have been planted in accordance with the Fund's forestry management plan.

### FUTURE DEVELOPMENTS/POST BALANCE SHEET EVENTS

The company disposed of its fixed assets by closed tender auction on 23 July 2010. The fixed assets of the company were sold to The International Forestry Fund, a company which is controlled by common directors, for €1,218,760. The directors propose distributing surplus funds to the members after which the company will be liquidated and initial investment will be returned.

### RESULTS FOR THE YEAR

	2010 €
Loss on ordinary activities before taxation	(7,073)
Taxation	(145)
Loss on ordinary activities after taxation	<u>(7,218)</u>

### KEY PERFORMANCE INDICATORS

The company disposed of its forestry assets by closed tender auction on 23 July 2010. The forestry assets of the company were sold for €1,218,760 and appear in the financial statements at the historical cost of €749,185. The key performance indicator is largely dependent on the market value of the fixed assets at the disposal date.

### PREMIUM INCOME

As a result of the mid-year budget of 2009 the Forest Service at the Department of Agriculture, Fisheries and Food reduced annual premia by 8%. This has affected all forest owners in receipt of premia equally. The Directors are continuing to actively engage with the Department at the highest level to minimise the effect of this change and to protect the company from any further reductions.

### DIVIDENDS

The directors do not recommend payment of a dividend in respect of the year ended 31 May 2010.

### DIRECTORS

The directors who held office during the year are listed on page 2. Under Articles of Association the directors are not required to retire by rotation.

# THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

## DIRECTORS' REPORT

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### BOOKS OF ACCOUNT

To ensure that proper books and accounting records are kept in accordance with Section 202, Companies' Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's premises at Eblana House, Eblana Avenue, Dun Laoghaire, Co. Dublin.

### RISKS AND UNCERTAINTIES

The main risks associated with forestry investment include fire, wind damage, public liability, disease, the future market price of timber and adverse changes to existing tax advantages or grants.

### AUDITORS

The auditors, Deloitte & Touche Chartered Accountants, will continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

Signed on behalf of the Board:

Paul Brosnan  
Director

Trevor McHugh  
Director

24 September 2010

## THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY**

We have audited the financial statements of The Forestry Investment Plan Public Limited Company for the year ended 31 May 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the financial statements, as set out in the Statement of Directors' Responsibilities in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit and whether the company's balance sheet and profit and loss account are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY**

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company as at 31 May 2010 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet and its profit and loss account are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements

The net assets of the company, as stated in the balance sheet are more than half the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 May 2010 a financial situation which under Section 40(1) of the Companies (Amendment) Act 1983, would require the convening of an extraordinary general meeting of the company.

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Dublin

28 September 2010

## **THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY**

### **STATEMENT OF ACCOUNTING POLICIES**

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#### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009.

#### **ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention.

#### **REVENUE RECOGNITION**

Premia income receivable under Irish Government grant schemes is credited to the profit and loss account when receivable.

#### **TANGIBLE ASSETS**

Tangible assets represent land and forestry costs. Land costs comprise land purchase price, stamp duty, legal and professional costs, together with forest management consultancy fees incurred in the twelve month period from the date of purchase of individual sites. Forestry costs comprise afforestation costs which are fully grant aided, together with enhancement costs where appropriate.

#### **FORESTRY ASSETS HELD FOR RESALE**

Land and forestry assets are transferred to current assets when the company has committed to selling the assets, when an active programme to sell has been initiated and when a sale is highly probable.

Land and forestry held for resale is valued at the lower of cost on net realisable value.

#### **GRANTS**

Capital grants receivable under Irish Government grant schemes are recognised when received or when their receipt can be foreseen with virtual certainty.

Grants in respect of afforestation costs which have been capitalised, are treated as deferred income and will be released to the profit and loss account when the related forests are clearfelled.

#### **FOREST GROWTH**

Forest growth is not recognised in the financial statements.

#### **TAXATION**

The charge for taxation is based on the loss for the year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions of events have occurred at the balance sheet date that might result in an obligation to pay more, or a right to pay less tax in the future. Deferred tax assets are recognised if it is regarded as more likely than not that they will be recovered.

THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2010

	<i>Notes</i>	2010 €	2009 €
<b>INCOME</b>	<i>1</i>	<b>15,034</b>	18,333
Administrative expenses		<b>(22,133)</b>	(21,379)
<b>OPERATING LOSS</b>		<b>(7,099)</b>	<b>(3,046)</b>
Interest receivable	<i>2</i>	<b>26</b>	258
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<i>3</i>	<b>(7,073)</b>	(2,788)
Taxation charge	<i>5</i>	<b>(145)</b>	(178)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<i>13</i>	<b>(7,218)</b>	<b>(2,966)</b>

There are no recognised gains or losses other than the loss arising from continuing operations disclosed in the profit and loss account. There are no movements in shareholders' funds other than the loss after taxation disclosed above.

The financial statements were approved by the Board of Directors on 24 September 2010 and signed on its behalf by:

Paul Brosnan  
Director

Trevor McHugh  
Director

THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

BALANCE SHEET AS AT 31 MAY 2010

	Notes	2010 €	2009 €
<b>FIXED ASSETS</b>			
Tangible assets	6	-	749,185
<b>CURRENT ASSETS</b>			
Forestry assets held for resale	8	749,185	-
Debtors	9	1,369	716
Cash at bank and in hand		2,239	13,930
		<b>752,793</b>	<b>14,646</b>
<b>CREDITORS: (Amounts falling due within one year)</b>	10	<b>(4,687)</b>	<b>(8,507)</b>
<b>NET CURRENT ASSETS</b>		<b>748,106</b>	<b>6,139</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>748,106</b>	<b>755,324</b>
<b>DEFERRED CREDITS</b>	11	<b>(172,121)</b>	<b>(172,121)</b>
<b>NET ASSETS</b>		<b>575,985</b>	<b>583,203</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	10,803	10,803
Share premium account	13	548,050	548,050
Profit and loss account	13	17,132	24,350
		<b>566,462</b>	<b>573,680</b>
<b>Equity</b>		<b>566,462</b>	<b>573,680</b>
<b>Non-equity</b>		<b>9,523</b>	<b>9,523</b>
<b>SHAREHOLDERS' FUNDS</b>	14	<b>575,985</b>	<b>583,203</b>

The financial statements were approved by the Board of Directors on 24 September 2010 and signed on its behalf by:

Paul Brosnan  
Director

Trevor McHugh  
Director

THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2010

	2010 €	2009 €
<b>Reconciliation of operating loss to net cash (outflow)/inflow from operating activities</b>		
Operating loss	(7,099)	(3,046)
(Increase)/decrease in debtors	(653)	68
(Decrease)/increase in creditors	(3,902)	3,921
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(11,654)</u>	<u>943</u>
<b>Net cash (outflow)/inflow from operating activities</b>	(11,654)	943
<b>Returns on investments and servicing of finance</b>		
Interest	26	258
<b>Taxation</b>		
Corporation tax paid	(86)	(189)
Corporation tax refunded	23	-
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	-	(2,080)
<b>Decrease in cash in the year</b>	<u>(11,691)</u>	<u>(1,068)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
<b>Net funds at 1 June 2009</b>	13,930	14,998
<b>Decrease in cash in the year</b>	(11,691)	(1,068)
<b>Net funds at 31 May 2010</b>	<u>2,239</u>	<u>13,930</u>

THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2010

1. INCOME	2010 €	2009 €
Premia income	14,734	17,833
Sporting licence	300	200
Management plan contribution income	-	300
	<u>15,034</u>	<u>18,333</u>

Premia income is receivable on an annual basis for the first fifteen years, from date of planting, based on the species planted.

2. INTEREST RECEIVABLE	2010 €	2009 €
Deposit interest receivable	26	258
	<u>26</u>	<u>258</u>

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2010 €	2009 €
Loss on ordinary activities before taxation is stated after charging:		
Management charges for ongoing administration/management	16,412	15,787
Directors' remuneration	-	-
Auditor's remuneration	2,955	2,885
	<u>19,367</u>	<u>18,672</u>

4. EMPLOYEES AND REMUNERATION

There were no employees during the year.

THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2010

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2010	2009
	€	€

(a) Analysis of the tax charge for the year:

The tax charge on the loss on ordinary activities for the year was as follows:-

Corporation tax on the loss of the year	127	178
Adjustment to tax charge in respect of previous periods	18	-
	145	178
	145	178

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in Ireland (12.5%). The differences are explained below:

	2010	2009
	€	€
Loss on ordinary activities before tax	(7,073)	(2,788)
	(7,073)	(2,788)
Loss on ordinary activities multiplied by standard rate of tax in Ireland of 12.5% (2009 : 12.5%)	(884)	(349)

**Effects of:**

Loss from operation of woodlands not subject to corporation tax	924	406
Surcharge on undistributed investment income	46	64
Interest and other income subject to a rate of tax higher than the standard rate of tax	41	57
Adjustment to tax charge in respect of previous periods	18	-
	145	178
	145	178

(c) Factors that may affect future tax charges

Based on current taxation legislation no corporation tax or deferred tax arises on the operating loss because of the exemption of profits from the occupation of woodlands from corporation tax.

THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2010

<b>6. TANGIBLE ASSETS</b>	<b>Land and Forestry</b>
	<b>€</b>
<b>Cost:</b>	
At 1 June 2009	749,185
Additions	-
Transfer to current assets	(749,185)
<b>Net book values:</b>	<u>          </u>
At 31 May 2010	-
At 31 May 2009	<u><u>749,185</u></u>

**7. FOREST GROWTH**

As the company disposed of its forest assets for an amount of €1,218,760 under a contract dated 23 July 2010, there is no requirement to calculate forest growth in the accounts, as the market value has now been established. Forest growth is not included in the financial statements, which are prepared under the historical cost convention.

<b>8. FORESTRY ASSETS</b>	<b>2010</b>	<b>2009</b>
	<b>€</b>	<b>€</b>
Transfer from fixed assets	749,185	-
	<u>          </u>	<u>          </u>

Forestry assets represent land and forestry comprising land costs of €577,064 and afforestation costs of €172,121. Forestry assets are stated at the lower of cost or net realisable value.

<b>9. DEBTORS: (Amounts falling due within one year)</b>	<b>2010</b>	<b>2009</b>
	<b>€</b>	<b>€</b>
VAT	646	-
Prepayments	723	716
	<u>1,369</u>	<u>716</u>
	<u>          </u>	<u>          </u>

<b>10. CREDITORS: (Amounts falling due within one year)</b>	<b>2010</b>	<b>2009</b>
	<b>€</b>	<b>€</b>
Creditors and accruals	4,582	8,484
Corporation tax	105	23
	<u>4,687</u>	<u>8,507</u>
	<u>          </u>	<u>          </u>

THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2010

11. DEFERRED CREDITS	2010 €	2009 €
Capital (Forestry) grant: At 1 June 2009	172,121	172,121
At 31 May 2010	<u>172,121</u>	<u>172,121</u>

Forestry grants in respect of afforestation costs have been capitalised and treated as deferred credits. They will be released to the profit and loss account when the related forests are clearfelled.

Capital (Forestry) grants may be refundable in certain circumstances set out in the grant agreements.

12. CALLED-UP SHARE CAPITAL	2010 €	2009 €
<b>Authorised:</b>		
30,000 Ordinary Shares of €1.269738 each	38,092	38,092
2,000 Redeemable Preference Shares of €1.269738 each	2,539	2,539
	<u>40,631</u>	<u>40,631</u>
<b>Allotted, called-up and paid:</b>		
30,000 Ordinary Shares of €1.269738 each (€0.317435 paid)	9,523	9,523
1,008 Redeemable Preference Shares of €1.269738 each (fully paid)	1,280	1,280
	<u>10,803</u>	<u>10,803</u>
<b>Unpaid:</b>		
30,000 Ordinary shares of €1.269738 each (€0.952303 unpaid)	28,569	28,569

**Equity:**

The redeemable preference shareholders do not have any right to attend or vote at Annual General Meetings.

The redeemable preference shares are the only shares entitled to participate in the growth of the forest investment and, as such, will be the only shares to rank for dividend and to participate in the distribution of any surplus arising when the forests are sold.

The company shall redeem the redeemable preference shares when the directors consider that it is in the best interest of the redeemable preference shareholders to do so. It is the intention of the company that the forests will be sold and all dividends paid ten years after the establishment of the Plan at which time the redeemable share capital will be repaid.

**Non-Equity:**

Only ordinary shareholders have any voting rights and are entitled to attend and vote at Annual General Meetings.

Ordinary shares do not rank for dividend and will not participate in the final distribution of any surplus arising when the forests are sold.

Ordinary share capital is repayable at par when the forests are sold and the preference share capital is repaid

THE FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2010

13. RESERVES	Share premium €	Profit and loss €	Total €
At 1 June 2009	548,050	24,350	572,400
Loss for the financial year, attributable to equity shareholders	-	(7,218)	(7,218)
<b>At 31 May 2010</b>	<b>548,050</b>	<b>(17,132)</b>	<b>565,182</b>

14. SHAREHOLDERS' FUNDS	2010 €	2009 €
Reconciliation of movements in shareholders' funds:		
Loss for the year	(7,218)	(2,966)
Opening shareholders' funds	583,203	586,169
Closing shareholders' funds	<b>575,985</b>	<b>583,203</b>

15. RELATED PARTY TRANSACTIONS

The directors of the company are also directors of I.F.S. Asset Managers Limited with which the company had the following transactions during the year:

1. €12,800 was charged to the company by I.F.S. Asset Managers Limited as forest management services (2009: €12,436).
2. €Nil is due to I.F.S. Asset Managers Limited as at 31 May 2010 for forest management services (2009: €3,106).
3. €30 was charged by I.F.S. Assets Managers Limited as reimbursement for design, printing, postage and stationery costs (2009: €160). €Nil is due to I.F.S. Assets Managers Limited at 31 May 2010 (2009: €160).

16. INTEREST IN SHARE CAPITAL

The directors and secretary held no direct beneficial interest in the share capital of the company at the beginning and end of the year.

The ordinary share capital of the company is held by I.F.S. Asset Managers Limited, which is controlled by the directors of the company.