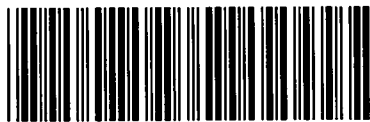


**FORREST ESTATE LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**YEAR ENDED 25<sup>TH</sup> DECEMBER 2014**  
**REGISTERED NUMBER: SC138789**

WEDNESDAY



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FORREST ESTATE LIMITED

REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 25th December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the company are those of forestry, estate and hydro management and sporting activities.

BUSINESS REVIEW

The company has continued to develop its forestry, estate and hydro management and sporting activities.

RESULTS FOR THE YEAR

The attached profit and loss account gives details of the profit for the year to 25th December 2014. The directors do not recommend payment of a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the period under review, none of whom had any interest in the shares of the company, were:

J. Dowler  
N.A. Emery  
T.P.O Jebson (appointed 31<sup>st</sup> October 2014)

Any interest which any of the directors have in the shares of the holding company or fellow subsidiaries are disclosed in the accounts of those companies.

The company purchased and maintained liability insurance covering directors and officers throughout the period under review.

The directors who held office at the date of approval of this director's report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The company has taken advantage of the small companies' exemption in not preparing a strategic report.

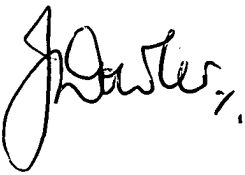
FORREST ESTATE LIMITED

REPORT OF THE DIRECTORS (continued)

AUDITOR

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J. Dowler', with a stylized flourish at the end.

J. Dowler  
Secretary

Forrest Estate  
Dalry  
Castle Douglas  
Dumfries & Galloway  
DG7 3XS

30<sup>th</sup> April 2015

Company Registered Number: SC138789

FORREST ESTATE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORREST ESTATE LIMITED

We have audited the financial statements of Forrest Estate Limited for the year ended 25<sup>th</sup> December 2014 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. 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 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 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors 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 and express an opinion on 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 Board'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](http://www.frc.org.uk/auditscopeukprivate)

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25<sup>th</sup> December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Stephen Muncey (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants Ipswich (DATE)

20 May 2015

FORREST ESTATE LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 25TH DECEMBER 2014

	<u>Notes</u>	<u>2014</u> £000	<u>2013</u> £000
Turnover	2	1,546	1,276
Cost of sales		(246)	(236)
		-----	-----
Gross profit		1,300	1,040
Administrative expenses		(925)	(789)
		-----	-----
Operating profit		375	251
Other interest receivable and similar income	5	5	6
Profit/(loss) on sale of fixed assets		10	(10)
		-----	-----
Profit on ordinary activities before taxation	4	390	247
Taxation	6	84	103
		-----	-----
Profit on ordinary activities after taxation and for the financial year		474	350
		=====	=====

There were no recognised gains or losses or movement in shareholder funds in the year other than those included in the profit and loss account.

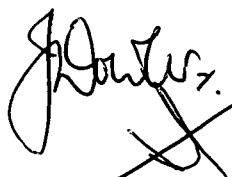
The notes on pages 7 to 14 form part of these accounts.

FORREST ESTATE LIMITEDBALANCE SHEET AT 25TH DECEMBER 2014

	<u>Notes</u>	<u>2014</u> £000	<u>2013</u> £000
Fixed assets			
Tangible assets	7	6,848	6,337
		<hr/>	<hr/>
		6,848	6,337
Current assets			
Stock and work in progress	8	15	28
Debtors	9	276	289
Cash at bank and in hand		499	365
		<hr/>	<hr/>
		790	682
Creditors: amount falling due within one year	10	(5,106)	(4,951)
		<hr/>	<hr/>
Net current liabilities		(4,316)	(4,269)
Provision for liabilities and charges	11	(47)	(57)
		<hr/>	<hr/>
NET ASSETS		2,485	2,011
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	2,484	2,010
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		2,485	2,011
		<hr/>	<hr/>

The notes on pages 7 to 14 form part of these accounts.

These financial statements were approved by the Board of Directors on 30<sup>th</sup> April 2015 and were signed on its behalf by:

 J. Dowler )  
 ) Directors  
 N.A. Emery )

Company Registered Number: SC138789

FORREST ESTATE LIMITEDNOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

## (a) Basis of preparation

The accounts have been prepared in accordance with applicable Accounting Standards.

Whilst the company has net current liabilities of £4,316,000, these liabilities arise predominantly from amounts due to group undertakings which have no fixed repayment date. The directors therefore believe that the financial statements should be prepared on a going concern basis.

## (b) Cash flow statement

As the cash flow statement included in the consolidated accounts of the ultimate parent undertaking complies with the requirements of Financial Reporting Standard No 1 ('FRS1') - 'Cash Flow Statements', the company is exempt under FRS1 from the requirement to prepare a separate cash flow statement.

## (c) Fixed assets and depreciation

Forestry interests are disclosed in tangible fixed assets. The company accounts for forestry at original cost less provision for any depreciation. Cost is the related purchase cost together with any incidental costs of acquisition and capital expenditure incurred. The company's policy is to manage its forestry interests sustainably. Replanting and growth of the remaining crops will generally maintain the value of the forest and allow regular harvesting without depreciation. Replanting costs are charged to the profit and loss account in the year they are incurred.

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	4% - 20%
Plant and machinery	10% - 33%
Fixtures and fittings	2% - 20%
IT	20%

No depreciation is provided on freehold land.

## (d) Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.



FORREST ESTATE LIMITEDNOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES (cont.)

## (e) Related party disclosures

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose transactions with group companies on the grounds that it is a wholly owned subsidiary undertaking.

## (f) Pensions

Contributions to pension schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives, as described more fully in note 15.

2. TURNOVER

All turnover relates to continuing operations and represents amounts invoiced in respect of goods sold during the year excluding value added tax. All sales were made to customers in the United Kingdom and arose from the company's principal activities.

3. STAFF COSTS

The average number of persons employed by the company together with a fellow subsidiary (excluding directors) during the year was as follows:

	<u>2014</u>	<u>2013</u>
Management	1	1
Administration	2	2
Operations	8	8
	<hr/>	<hr/>
	11	11
	<hr/>	<hr/>

The aggregate payroll cost of these persons was as follows:

	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>
Wages and salaries	292	249
Social security costs	27	25
Pension costs	25	20
Other staff costs	41	36
	<hr/>	<hr/>
	385	330
	<hr/>	<hr/>

The directors received no remuneration from the company during the year.

FORREST ESTATE LIMITEDNOTES TO THE ACCOUNTS4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	<u>2014</u> £000	<u>2013</u> £000
Depreciation of tangible fixed assets	173	170
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements pursuant to legislation	5	2
(Profit)/loss on sale of fixed assets	(10)	10
	<u>          </u>	<u>          </u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2014</u> £000	<u>2013</u> £000
Bank interest	5	6
	<u>          </u>	<u>          </u>
	5	6
	<u>          </u>	<u>          </u>

6. TAXATION

Analysis of credit in period:

	<u>2014</u> £000	<u>2013</u> £000
The credit for taxation is represented by:		
Group relief receivable at 21.5% (2013: 23.25%)	(84)	(55)
Adjustments in respect of previous	10	-
	<u>          </u>	<u>          </u>
Total current tax credit	(74)	(55)
Deferred Tax:		
Current Year	(10)	(32)
Rate change	-	(14)
Previous Years	-	(2)
	<u>          </u>	<u>          </u>
Total deferred tax	(10)	(48)
Tax on Profit on Ordinary Activities	(84)	(103)
	<u>          </u>	<u>          </u>

FORREST ESTATE LIMITEDNOTES TO THE ACCOUNTS6. TAXATION (continued)

Factors affecting the tax credit for the current period:

The current tax credit for the year is lower (2013: lower) than the standard rate of corporation tax in the UK 21.5% (2013:23.25%). The differences are explained below.

	<u>2014</u> £000	<u>2013</u> £000
Current tax reconciliation		
Profit on ordinary activities before tax	390	247
	<hr/>	<hr/>
Current tax at 21.5% (2013: 23.25%)	84	58
Effects of		
Expenses/income not subject to tax	(203)	(153)
Depreciation in excess of capital allowances	35	40
Adjustments in respect of previous years	10	-
	<hr/>	<hr/>
Total current tax credit (see above)	(74)	(55)
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 25<sup>th</sup> December 2014 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

## FORREST ESTATE LIMITED

## NOTES TO THE ACCOUNTS

7. TANGIBLE FIXED ASSETS

	Freehold land & buildings £000	Plant & machinery £000	Fixtures, fittings & equipment £000	IT £000	Forestry £000	Total £000
Cost or valuation						
At 26th December 2013	3,845	1,001	581	3	3,355	8,785
Additions	625	53	8	-	-	686
Disposals	-	(32)	-	-	-	(32)
Transfer						
At 25th December 2014	4,470	1,022	589	3	3,355	9,439
Depreciation and diminution in value						
At 26th December 2013	1,405	802	238	3	-	2,448
Charge for year	95	59	19	-	-	173
Disposals	-	(30)	-	-	-	(30)
Transfer						
At 25th December 2014	1,500	831	257	3	-	2,591
Net book value						
At 25th December 2014	2,970	191	332	-	3,355	6,848
At 25th December 2013	2,440	199	343	-	3,355	6,337

Included within freehold land and buildings is £1,266,558 (2013: £1,266,558) of land which is not subject to depreciation

FORREST ESTATE LIMITEDNOTES TO THE ACCOUNTS8. STOCK AND WORK IN PROGRESS

	<u>2014</u> £000	<u>2013</u> £000
Raw materials and consumables	15	28
	<hr/>	<hr/>
	15	28
	<hr/>	<hr/>

9. DEBTORS

	<u>2014</u> £000	<u>2013</u> £000
Trade debtors	151	128
Prepayments and accrued income	41	89
Group relief	84	55
Due from group undertakings	-	17
	<hr/>	<hr/>
	276	289
	<hr/>	<hr/>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2014</u> £000	<u>2013</u> £000
Due to group undertakings	4,961	4,692
Trade creditors	24	122
Tax and social security	-	2
Accruals and deferred income	121	135
	<hr/>	<hr/>
	5,106	4,951
	<hr/>	<hr/>

FORREST ESTATE LIMITEDNOTES TO THE ACCOUNTS11. PROVISION FOR LIABILITIES AND CHARGES

	<u>2014</u> £000	<u>2013</u> £000
At beginning of year	57	105
Credit to the profit and loss account	(10)	(48)
	<hr/>	<hr/>
At end of year	47	57
	<hr/>	<hr/>

The company's net liability for deferred taxation consists of the tax effect of timing differences in the respect of.

	<u>2014</u> £000	<u>2013</u> £000
Difference between accumulated depreciation and amortisation and capital allowances	117	127
Tax losses	(70)	(70)
	<hr/>	<hr/>
Deferred tax liability	47	57
	<hr/>	<hr/>

12. CALLED UP SHARE CAPITAL

	<u>2014</u> £000	<u>2013</u> £000
Allotted and called up 1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>

13. PROFIT AND LOSS ACCOUNT

	<u>2014</u> £000	<u>2013</u> £000
Retained profit brought forward	2,010	1,660
Profit for year	474	350
	<hr/>	<hr/>
Retained profit carried forward	2,484	2,010
	<hr/>	<hr/>

14. CONTINGENT LIABILITIES

The company is party to a Multilateral Guarantee with certain group companies guaranteeing overdraft and other facilities amounting to £Nil (2013: £Nil) at the year end.

FORREST ESTATE LIMITEDNOTES TO THE ACCOUNTS15. PENSION COMMITMENTS

The company and certain of its staff contribute to the Fred. Olsen Limited Defined Benefit Scheme. That Scheme is a multi employer scheme as envisaged by FRS 17 and the assets and liabilities pertaining to the company and its staff cannot be separately identified. The company therefore accounts for its contributions to the Scheme as if it were a defined contribution scheme.

Contributions to the Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives within the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent triennial valuation was carried out as at 31st March 2012. This has been updated by the actuary as at 31st December 2014 and 2013 as shown in the table below.

	<b>31 December 2014</b>	<b>31 December 2013</b>
Market value of assets	£35.1m	£32.1m
Value of liabilities	£44.5m	£39.6m
Past service surplus/(deficit)	£(9.4)m	£(7.5)m
Funding level	79%	81%

The fund deficit in the scheme amounted to £9,400,000 in respect of the valuation at 31st December 2014 and was £7,600,000 in respect of the valuation update at 31<sup>st</sup> December 2013.

The scheme is closed to new employees. A defined contribution scheme has been set up for new and existing employees.

The company's total pension contribution charge for the year was £24,767 (2013: £19,695).

16. ULTIMATE HOLDING COMPANY

The ultimate holding company is Fred. Dessen & Co. Limited which is registered in England and Wales.

A copy of their annual accounts can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff.