

SIDMOUTH FLEXIBLE FORESTRY LIMITED

Number 3366285

REPORT AND ACCOUNTS

YEAR ENDING 31st MAY 2006



Directors' Report

The directors present their report and accounts for the year of trading ending on 31st May 2006.

The directors report that over the year the company made a loss of £1,843.

The principal activity of the company is commercial forestry operations.

The income from Farmland after paying interest on the loans from shareholders helped to offset the cost of maintaining the woodlands.

The Woodland continues to be certified under the UPM Tilhill Managed Resource Scheme and has been managed sustainably over the last 12 months.

Following the difficulties in securing a buyer for the standing timber in compartments 19, 20 and 21 during 2005, the parcel was re-issued to the industry and one realistic offer was received in February 2006. The offer has been accepted and harvesting will commence in the Summer 2006.

A second wave of re-spacing of the larch in compartment 18 in Summer 2005 has helped to improve the crop condition, and has significantly opened up the views towards Sidmouth.

Tree safety works in compartment 8C were carried out safely and successfully and the new tee has now been constructed. In the end, it was possible to design the tee and an access track without needing access into the woodland. The lease will therefore be terminated.

New fire warning signs were installed on the access gates and the two Information Boards are still present and no doubt being used by the public.

Rhododendron control was again a major operation this year and the remainder of the population was cut and treated. Follow up visits to control regrowth of previously cut material was carried out in late Summer of 2005.

No dividend has been declared.

The authorised and issued share capital of the company consists of £294,000 nominal of £1 Ordinary shares.

At 31st May 2004 the beneficial ownership according to the Register maintained under the Companies Acts 1985 was as follows:

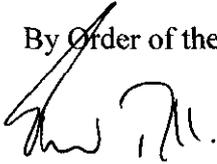
E.G.I.F. Truell	£ 60,000
D.F. Truell	£ 147,000
Trustees of the E&L Truell Children's Flexible Settlement	£ 87,000

EGIF Truell is a director of the company.

There were no political or charitable donations made during the year.

The shareholders have agreed to dispense with the need for an audit of the company's accounts. The company is a close company as defined by the Income and Corporation Taxes Act 1970.

By Order of the Board

A handwritten signature in black ink, appearing to read 'E G I F Truell', written over the text 'By Order of the Board'.

E G I F Truell
Director
10th September 2006

PROFIT AND LOSS STATEMENT - Year ENDING 31st MAY 2006

	Year to 31st May 2006	Year to 31st May 2005	
Costs	(7,102)	(10,740)	Note 1
Interest Received	976	944	
Interest Payable	(5,000)	(5,000)	Note 6
Forestry Income	2,015	5,337	Note 3
Agricultural income	7,268	7,268	Note 2
Profit/(Loss) before Taxation	<u>(1,843)</u>	<u>(2,191)</u>	
Taxation	nil	nil	Note 4
Profit/(Loss) after Taxation	<u>(1,843)</u>	<u>(2,191)</u>	
Dividends	nil	nil	
Transfer to reserves	(1,843)	(2,191)	
Retained Earnings at 31.5.2005	(23,823)		
Retained Earnings at 31.5.2006	(25,666)		

BALANCE SHEET - YEAR ENDING 31st MAY 2006

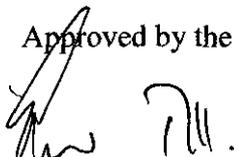
	31st May 2006	31st May 2005	
Fixed Assets	349,168	349,168	Note 4
Current Assets :			
Cash	<u>29,166</u>	<u>28,509</u>	
Less :			
Creditors less than one year	(10,000)	(7,500)	
Net Current Assets	19,166	15,535	
Total Assets			
Less current liabilities	<u>368,334</u>	<u>370,177</u>	
Share Capital	294,000	294,000	
Shareholders Loans	100,000	100,000	
Retained Earnings	(25,666)	(23,823)	
	<u>368,334</u>	<u>370,177</u>	

For the year in question the company was entitled to the exemption conferred by Subsection 1, Section 249(a).

No notice from the numbers has been deposited under Subsection 2 of Section 249(b).

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Act relating to accounts so far as they are applicable to the company.

Approved by the Board of Directors on 10th September 2006


EGIF Truell
Director

Accounting Policies

Accounting Convention

These accounts have been prepared under the historical cost convention.

NOTES TO THE ACCOUNTS

1. Turnover and Profits

The company is registered for Value Added Tax, which gave rise to recoveries of £1,277 in the period.

Operating Costs

	£
Audit, bank charges, etc	1,068
Forest maintenance and insurance	6,034

2. Agricultural income

Sums are received half yearly in arrears at the rate of £7,268 annum in respect of the farming land and are accounted for on a received basis

3. Forestry income

A Woodland Improvement Grant and rents relating to pedestrian access were received during the year £2,015.

4. Taxation

Trading losses brought forward of £23,823 and a further loss this year result in no tax becoming due

5. Tangible fixed assets

These consist of woodlands near Sidmouth, Devon and farming land at Holyford, Devon at cost.

6. Interest on shareholders loans

Mr EGIF Truell and Mr D Truell each loaned the Company £50,000 on 27/12/01 in order to acquire the Land at Holyton. It was agreed that interest on the loans would be payable at 5% per annum. The interest due and payable as at 31st May 2006 for the period 1st June 2005 to 31st May 2006 is:

E.G.I.F.Truell	£2,500.00
D.F.Truell	£2,500.00