

REGISTERED NUMBER: 04995829 (England and Wales)

REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012  
FOR  
FORESTRE LIMITED



**CONTENTS OF THE FINANCIAL STATEMENTS**  
**for the year ended 31 DECEMBER 2012**

	<b>Page</b>
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	5
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	11

**FORESTRE LIMITED**

**COMPANY INFORMATION**  
**for the year ended 31 DECEMBER 2012**

**DIRECTORS:**

H M L Cottle  
P L Cottle

**SECRETARY:**

H M L Cottle

**REGISTERED OFFICE:**

Suite 408  
150 Minories  
London  
EC3N 1LS

**REGISTERED NUMBER**

04995829 (England and Wales)

**AUDITORS:**

Morris & Co  
Chartered Accountants  
Registered Auditors  
Chester House  
Lloyd Drive  
Cheshire Oaks Business Park  
Ellesmere Port  
Cheshire  
CH65 9HQ

**REPORT OF THE DIRECTORS**  
**for the year ended 31 DECEMBER 2012**

The directors present their report with the financial statements of the company for the year ended 31 December 2012

**PRINCIPAL ACTIVITY**

The company's principle activity is as an insurance agency, commencing business on 12 January 2008. The company was registered with the Financial Services Authority under part IV permissions, under reference 315263. The company specialises in the insurance of forestry and related assets on a world wide basis together with associated Lloyd's syndicates and insurance brokers.

**REVIEW OF BUSINESS**

The results for the year and position at the year end are set out in the financial statements on pages 7 to 14.

The company reports a loss on ordinary activities for the year of £136,936 (2011 loss £134,009).

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2012.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

H M L Cottle  
P L Cottle

**GOING CONCERN**

During 2012 the company continued to rely on the support of its parent company, Forestre (Holdings) Limited. The directors consider that there is significant uncertainty in it achieving positive operating cashflow and that the company will need continued support going forward.

However the controlling shareholder of the parent company has now stated that such support will no longer be forthcoming to the extent required by Forestre Limited but he will continue to meet the obligations of the parent company as they fall due. On this basis the directors of Forestre Limited acquired 50% of the issued share capital of the company from the parent company, Forestre Holdings Limited as detailed in the post balance sheet event note. The reason for this purchase was to ensure that additional funding could be made directly to Forestre Limited, as and when required.

The directors continued assessment is that there remains a material possibility that the company will take much longer to achieve profitability than originally anticipated. Should this be the case, the directors will seek additional funds from other potential sources of equity capital or seek alternative arrangements with the various creditors to ensure that the company can continue as a going concern.

The directors consider that, despite the efforts of Forestre Limited to sustain its operations, there is a material possibility that Forestre Limited itself is forced to cease or severely reduce its operations in an appropriate time frame which may be less than 12 months given the basis on which funding will now be available to support the company.

**REPORT OF THE DIRECTORS**  
**for the year ended 31 DECEMBER 2012**

**PRINCIPLE RISKS AND UNCERTAINTIES**

The company is attempting to build up earnings by application of proven risk assessment techniques supported by a number of Lloyd's syndicates and associated Lloyd's brokers. As is the case with many new businesses the speed of development cannot always be forecast, especially in a time of worldwide economic uncertainty.

In the opinion of the directors, in addition to going concern risk, the principle risks facing the company are as follows:

**Credit risk**

The financial instrument which most crucially subjects the company to credit risk is cash. The company manages this risk by maintaining investment practices that restrict placement of cash and investments solely to financial institutions considered to be highly creditworthy.

There is also the risk that third parties which owe the company money will not pay. The company seeks to minimise this risk by maintaining sound credit and collection practices and assisted by the fact that failure to pay amounts due will render any corresponding insurance policies issued invalid.

**Interest rate risk**

The company's operations are subject to the risk of interest rate fluctuations on interest bearing cash and deposits. The company seeks to mitigate this risk by constantly renewing its investment strategy.

**Exchange rate risk**

A significant portion of the company's transactions and balances are denominated in currency other than Sterling and the company is therefore exposed to movements in exchange rates.

**Liquidity risk**

The company manages its cash centrally to maximise interest income and to ensure the company has sufficient liquid resources to finance operations.

**CHANGES TO SHARE CAPITAL**

During the year the parent company continued to invest in Forestre Ltd by increasing the paid up share capital. The ordinary share capital was £1,072,500 fully paid at the start of the year and £1,217,500 fully paid at 31 December 2012.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**REPORT OF THE DIRECTORS**  
**for the year ended 31 DECEMBER 2012**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Morris & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



H M L Cottle - Director

Date 17/6/13

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FORESTRE LIMITED**

We have audited the financial statements of Forestre Limited for the year ended 31 December 2012 on pages seven to fifteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 a Report of the Auditors 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**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 (APB's) Ethical Standards for Auditors. 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 a Report of the Auditors 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.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of Matter- going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the accounting policies section of the notes to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £136,936 during the year ended 31 December 2012 and, at that date, the company's liabilities exceeded its total assets by £13,185. These conditions, along with the other matters explained in the accounting policies section of the notes to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
FORESTRE LIMITED**

**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

Janet Carr BA FCA (Senior Statutory Auditor)  
for and on behalf of Morris & Co  
Chartered Accountants  
Registered Auditors  
Chester House  
Lloyd Drive  
Cheshire Oaks Business Park  
Ellesmere Port  
Cheshire  
CH65 9HQ

12 July 2013



**FORESTRE LIMITED (REGISTERED NUMBER 04995829)**

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 DECEMBER 2012**

	Notes	2012 £	2011 £
<b>TURNOVER</b>	2	114,603	128,219
Administrative expenses		<u>251,539</u>	<u>262,228</u>
<b>OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	(136,936)	(134,009)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(136,936)</u>	<u>(134,009)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year

**FORESTRE LIMITED (REGISTERED NUMBER: 04995829)**

**BALANCE SHEET**  
**31 DECEMBER 2012**

	Notes	2012 £	2011 £
<b>CURRENT ASSETS</b>			
Debtors	9	65,305	47,109
Cash at bank		8,350	10,324
		<u>73,655</u>	<u>57,433</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	86,840	78,682
<b>NET CURRENT LIABILITIES</b>		<u>(13,185)</u>	<u>(21,249)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(13,185)</u>	<u>(21,249)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1,217,500	1,072,500
Profit and loss account	12	(1,230,685)	(1,093,749)
<b>SHAREHOLDERS' FUNDS</b>	17	<u>(13,185)</u>	<u>(21,249)</u>

The financial statements were approved by the Board of Directors on  
signed on its behalf by

17/6/13

and were

  
H M L Cottle - Director

**FORESTRE LIMITED (REGISTERED NUMBER: 04995829)**

**CASH FLOW STATEMENT**  
**for the year ended 31 DECEMBER 2012**

	Notes	2012 £	2011 £
Net cash outflow from operating activities	1	(160,574)	(160,432)
		(160,574)	(160,432)
Financing	2	158,600	170,600
(Decrease)/increase in cash in the period		(1,974)	10,168

---

Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/increase in cash in the period		(1,974)	10,168
Change in net funds resulting from cash flows		(1,974)	10,168
Movement in net funds in the period		(1,974)	10,168
Net funds at 1 January		10,324	156
Net funds at 31 December		8,350	10,324

**NOTES TO THE CASH FLOW STATEMENT**  
**for the year ended 31 DECEMBER 2012**

**1 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2012 £	2011 £
Operating loss	(136,936)	(134,009)
Depreciation charges	-	3,557
(Increase)/decrease in debtors	(18,196)	25,660
Decrease in creditors	(5,442)	(55,640)
<b>Net cash outflow from operating activities</b>	<b>(160,574)</b>	<b>(160,432)</b>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2012 £	2011 £
<b>Financing</b>		
Amount introduced by directors	26,910	30,600
Amount withdrawn by directors	(13,310)	(19,000)
Share issue	145,000	159,000
<b>Net cash inflow from financing</b>	<b>158,600</b>	<b>170,600</b>

**3 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 1 12 £	Cash flow £	At 31 12 12 £
Net cash			
Cash at bank	10,324	(1,974)	8,350
	<u>10,324</u>	<u>(1,974)</u>	<u>8,350</u>
<b>Total</b>	<b><u>10,324</u></b>	<b><u>(1,974)</u></b>	<b><u>8,350</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 DECEMBER 2012**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and on the going concern basis

**Going concern**

These accounts have been prepared on the going concern basis as the directors consider that the company will continue as a going concern but the time frame remains uncertain

Despite losses, the parent company has provided additional financing in the year to 31 December 2012. However the controlling shareholder of the parent company has now stated that such support will no longer be forthcoming to the extent required by Forestre Limited but he will continue to meet the obligations of the parent company as they fall due. On this basis the directors of Forestre Limited acquired 50% of the issued share capital of the company from the parent company, Forestre Holdings Limited as detailed in the post balance sheet event note. The reason for this purchase was to ensure that additional funding could be made directly to Forestre Limited, as and when required.

The directors continued assessment is that there remains a material possibility that the company will take much longer to achieve profitability than originally anticipated. Should this be the case, the directors will seek additional funds from other potential sources of equity capital or seek alternative arrangements with the various creditors to ensure that the company can continue as a going concern.

The directors consider that, despite the efforts of Forestre Limited to sustain its operations, there is a material possibility that Forestre Limited itself is forced to cease or severely reduce its operations in an appropriate time frame which may be less than 12 months given the basis on which funding will now be available to support the company.

**Turnover**

Turnover represents the total amount receivable for insurance broking commissions earned in the normal course of business and consultancy fees, excluding value added tax, where applicable.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Computer equipment - Straight line over 3 years

**Deferred tax**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Foreign currency translation**

Revenues and costs expressed in all foreign currencies are translated into sterling at average rates of exchange which approximate to the actual rate ruling on the date on which transactions occurred. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the translation of such items are dealt with through the profit and loss account.

Commissions are earned in US dollars which are paid into the Company's UK based Sterling bank accounts.

**Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2012**

**2 TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company

An analysis of turnover by class of business is given below

	2012	2011
	£	£
Commission receivable	82,745	124,708
Consultancy fees	31,858	3,511
	<u>114,603</u>	<u>128,219</u>

An analysis of turnover by geographical market is given below

	2012	2011
	£	£
Africa	12,553	51,064
Asia	21,085	11,433
Australia	5,063	21,835
Europe	10,000	449
South America	58,118	36,086
North America	7,784	7,352
	<u>114,603</u>	<u>128,219</u>

**3 STAFF COSTS**

	2012	2011
	£	£
Wages and salaries	97,847	94,994
Social security costs	11,465	11,043
	<u>109,312</u>	<u>106,037</u>

The average monthly number of employees during the year was as follows

	2012	2011
Management and administration	<u>2</u>	<u>2</u>

The company does not operate its own pension scheme but pays contributions to full time employees personal schemes as appropriate

**4 DIRECTORS' EMOLUMENTS**

	2012	2011
	£	£
Directors' remuneration	<u>51,504</u>	<u>49,992</u>

The company does not operate a pension scheme to which directors could accrue benefits

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2012**

**5 OPERATING LOSS**

The operating loss is stated after charging

	2012	2011
	£	£
Other operating leases	46,185	45,447
Depreciation - owned assets	-	3,557
Auditors' remuneration	3,561	4,500
Other non-audit services	3,197	3,398
	<u>3,197</u>	<u>3,398</u>

**6 TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2012 nor for the year ended 31 December 2011

In 2012, there are no adjusting factors affecting the tax loss assessable for tax purposes as this is equal to the loss on ordinary activities per the financial statements

A deferred tax asset of £231,260 (2011- £244,542) has not been recognised in these financial statements. Should future trading profits arise, this may be utilised against those profits

**7 DIVIDENDS**

No dividends were paid during the year

**8 TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>COST</b>	
At 1 January 2012	
and 31 December 2012	<u>37,751</u>
<b>DEPRECIATION</b>	
At 1 January 2012	
and 31 December 2012	<u>37,751</u>
<b>NET BOOK VALUE</b>	
At 31 December 2012	<u>-</u>
At 31 December 2011	<u>-</u>

**9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012	2011
	£	£
Trade debtors	51,448	36,560
Amounts owed by group undertakings	6,559	3,695
Other debtors and prepayments	7,298	6,854
	<u>65,305</u>	<u>47,109</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2012**

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012	2011
	£	£
Trade creditors	42,458	45,104
Social security and other taxes	3,211	3,153
Other creditors	5,171	8,025
Directors' loan accounts	36,000	22,400
	<u>86,840</u>	<u>78,682</u>

**11 CALLED UP SHARE CAPITAL**

Number	Class	Nominal value	2012	2011
		£1	£	£
1,217,500	Ordinary		<u>1,217,500</u>	<u>1,072,500</u>

145,000 Ordinary shares of £1 each were allotted and fully paid for cash at par during the year

**12 RESERVES**

	Profit and loss account
	£
At 1 January 2012	(1,093,749)
Deficit for the year	<u>(136,936)</u>
At 31 December 2012	<u>(1,230,685)</u>

**13 ULTIMATE PARENT COMPANY**

Forestre (Holdings) Limited is regarded by the directors as being the company's ultimate parent company

**14 RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with its parent company on the grounds that consolidated financial statements are publicly available

**H M L Cottle**

	2012	2011
	£	£
Amount due to related party at the balance sheet date	<u>36,000</u>	<u>22,400</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2012**

**15 POST BALANCE SHEET EVENTS**

On 18 April 2013 the directors of Forestre Limited acquired 50% of the issued share capital of the company from the parent company, Forestre Holdings Limited at a cost of £1. The reason for this purchase was to ensure that additional funding could be made directly to the company, as and when required. As a result of this purchase and the additional share capital that will be issued, it is expected that the management will control in excess of 50% of the ordinary share capital and thus the company will no longer be under the control of the ultimate controlling party as detailed below in note 16. In addition, on 18 April 2013, creditors to the value of £30,000 were written down by mutual consent and £30,000 of the director's loan account was converted into ordinary shares.

**16 ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Mr F de Beir.

This was the position throughout the year to 31 December 2012 but refer to note 15 detailing post balance sheet events.

**17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
Loss for the financial year	(136,936)	(134,009)
Share capital issued	145,000	159,000
<b>Net addition to shareholders' funds</b>	<b>8,064</b>	<b>24,991</b>
Opening shareholders' funds	(21,249)	(46,240)
<b>Closing shareholders' funds</b>	<b>(13,185)</b>	<b>(21,249)</b>

**18 PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS**

The company does not operate a pension scheme but, instead, makes contributions to full time employees personal pension plans as appropriate.