

# **EFR Service Company Limited**

## **Annual report and financial statements**

For the period from 14<sup>th</sup> March 2007 (date of incorporation) to  
31<sup>st</sup> December 2007



## **EFR Service Company Limited**

### **Directors**

R L Caperton	(Appointed 25 <sup>th</sup> April 2007)
C G F Caperton	(Appointed 25 <sup>th</sup> April 2007)
B P A Laferriere	(Appointed 25 <sup>th</sup> April 2007)
Peregrine Secretarial Services Limited	(Appointed 14 <sup>th</sup> March 2007, resigned 25 <sup>th</sup> April 2007)

### **Secretary**

R G Bourne	(Appointed 25 <sup>th</sup> April 2007)
Office Organization & Services Limited	(Appointed 14 <sup>th</sup> March 2007, resigned 25 <sup>th</sup> April 2007)

### **Registered office**

Queensberry House, 3 Old Burlington Street, London W1S 3LD

## **Directors' report**

The directors present their annual report and audited financial statements for the period from incorporation (14<sup>th</sup> March 2007) to 31<sup>st</sup> December 2007. This director's report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

### **Principal activities**

The principal activity of the Company is to be the provision of management services to group companies.

The results for the period and the financial position at the year end were considered satisfactory by the directors who expect to further develop the business in the foreseeable future.

### **Business review**

The Company is the provider of management services to EFR Management LLP. Costs incurred during the period were mainly involved with the setting up of the Company. The loss for the period, after taxation, amounted to £25,231.

The Company was incorporated on 14<sup>th</sup> March 2007 as Precis (2685) Limited and subsequently changed its name to Louis Dreyfus Service Company Limited on 26<sup>th</sup> April 2007. On 28<sup>th</sup> December 2007 the company changed its name to EFR Service Company Limited.

In March 2008 the Company employed 5 staff who had previously been employed by another group company.

### **Dividends**

The directors do not recommend the payment of a dividend.

### **Auditors**

Deloitte & Touche LLP were appointed as auditors. The Company has elected to dispense with the requirement to appoint auditors annually in accordance with section 386 of the Companies Act 1985.

Each of the persons who is a director at the date of approval of this annual report confirms that so far as each director is aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

By order of the Board

R G Bourne

*Secretary*

7<sup>th</sup> August 2008

## **EFR Service Company Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements. The directors are required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and have also elected to prepare financial statements for the Company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, 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 accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985.

## **EFR Service Company Limited**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EFR SERVICE COMPANY LIMITED**

We have audited the financial statements of EFR Service Company Limited for the period from 14<sup>th</sup> March 2007 (date of incorporation) to 31<sup>st</sup> December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities. Our responsibility 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

#### **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 judgments 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 also evaluated the overall adequacy of the presentation of information in the financial statements.

## **EFR Service Company Limited**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EFR SERVICE COMPANY LIMITED** *(continued)*

#### **Opinion**

##### **In our opinion**

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31<sup>st</sup> December 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*Deloitte & Touche LLP*

#### **Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

7<sup>th</sup> August 2008

## EFR Service Company Limited

### Income statement

for the period from 14<sup>th</sup> March 2007 (date of incorporation) to 31<sup>st</sup> December 2007

	Note	2007 £
Administrative expenses	3	(25,231)
<b>Operating (loss)</b>		<b>(25,231)</b>
<b>(Loss) before tax</b>		<b>(25,231)</b>
Taxation	6	-
<b>(Loss) for the year</b>		<b>(25,231)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 9 to 14 form part of these accounts

# EFR Service Company Limited

## Balance sheet

at 31<sup>st</sup> December 2007

	Note	2007 £
<b>Non-current assets</b>		
Property, plant and equipment	7	9,011
<b>Non-current assets</b>		<b>9,011</b>
<b>Current assets</b>		
Trade and other receivables	8	26,772
<b>Current assets</b>		<b>26,772</b>
<b>Total assets</b>		<b>35,783</b>
<b>Equity</b>		
Share capital	10	3
Retained earnings		(25,231)
<b>Total equity</b>		<b>(25,228)</b>
<b>Non-current liabilities</b>		<b>-</b>
<b>Current liabilities</b>		
Trade and other payables	11	60,974
Cash and cash equivalents	9	37
<b>Current liabilities</b>		<b>61,011</b>
<b>Total liabilities</b>		<b>61,011</b>
<b>Net equity and liabilities</b>		<b>35,783</b>



Approved by the board  
R.L. Caperton

Director

7<sup>th</sup> August 2008

The notes on pages 9 to 14 form part of these accounts

## **EFR Service Company Limited**

### **Statement of cash flows**

for the period from 14<sup>th</sup> March 2007 (date of incorporation) to 31<sup>st</sup> December 2007

	2007 £
<b>Cash flows from: Operating activities</b>	
Net loss before taxation and working capital changes	(25,231)
Increase in trade and other receivables	(26,772)
Increase in trade payables	60,974
<b>Net cash from operating activities</b>	<b>8,971</b>
<b>Investing activities</b>	
Purchase of property, plant and equipment	(9,011)
<b>Net cash (used in) investing activities</b>	<b>(9,011)</b>
<b>Financing activities</b>	
Proceeds from issue of shares	3
<b>Net cash from financing activities</b>	<b>3</b>
<b>Net increase in cash and cash equivalents</b>	
Cash and cash equivalents at beginning of period	-
<b>Cash and cash equivalents at end of period</b>	<b>(37)</b>

The notes on pages 9 to 14 form part of these accounts



## EFR Service Company Limited

### Statement of changes in equity

for the period from 14<sup>th</sup> March 2007 (date of incorporation) to 31<sup>st</sup> December 2007

	Share capital £	Retained earnings £	Total Equity £
Balance at 14 <sup>th</sup> March 007	-	-	-
Contribution from parent	3	-	3
Loss for the period	-	(25,231)	(25,231)
Balance at 31 <sup>st</sup> December 2007	3	(25,231)	(25,228)

The notes on pages 9 to 14 form part of these accounts

# **EFR Service Company Limited**

## **Notes to the financial statements**

### **1 General information**

EFR Service Company Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 1985

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted for use in the EU and therefore the financial statements comply with Article 4 of the EU IAS Regulations. IFRSs comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body

#### ***Adopted IFRS not yet applied***

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective

- IAS 23 (Revised) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009),
- IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009),
- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008),
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008),
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008),

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company except for additional disclosures in borrowing costs when the relevant standards come into effect for periods commencing on or after 1 January 2009

### **2 Accounting policies**

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis

#### ***Foreign currency***

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined

# **EFR Service Company Limited**

## **Notes to the financial statements (continued)**

### **2 Accounting policies (continued)**

#### ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- office equipment      4 years

#### ***Financial instruments***

Most of the Limited Partnership's financial instruments are carried at fair value on the balance sheet. For certain other financial instruments, specifically trade and other receivables and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

#### ***Trade and other receivables***

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

#### ***Provisions***

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### ***Financing income and expense***

Financing costs comprise interest payable, interest receivable on funds invested, dividend income, foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as they accrue. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

#### ***Foreign currency***

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

#### ***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

## EFR Service Company Limited

### Notes to the financial statements (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

#### 3 Administrative expenses

Included in administrative expenses are the following

	2007
	£
Bank charges	36
Professional legal fees	25,194
Foreign exchange loss	1
	<u>25,231</u>

#### 4 Staff numbers and costs

The average number of persons employed by the Company during the year was nil

#### 5 Fees payable to the company's auditor

	2007
	£
Fees for the audit of the company	6,000
	<u>6,000</u>

#### 6 Taxation

Recognised in the income statement	2007
	£
<i>Current tax expense</i>	
Current year	-
Total current tax expense	-
Total tax in income statement	-
	<u>2007</u>
Reconciliation of effective tax rate	£
Loss before tax	(25,231)
Implied tax (credit) at 30%	(7,569)
Losses which cannot be utilised	7,569
Total tax in income statement	-

# EFR Service Company Limited

## Notes to the financial statements (continued)

### 7 Property, plant and equipment

	Office equipment £	Total £
<b>Cost</b>		
Acquisitions	9,011	9,011
Balance at 31 <sup>st</sup> December 2007	9,011	9,011

### 8 Trade and other receivables

	2007 £
Trade receivables due from group companies	25,195
Other trade receivables and prepayments	1,577
	<u>26,772</u>

### 9 Cash and cash equivalents

	2007 £
Bank overdraft	(37)
	<u>(37)</u>

### 10 Share capital

	2007 £
In issue at 31 <sup>st</sup> December 2007 – ordinary shares of £1 each	3
<i>Authorised</i>	
Ordinary shares of £1 each	<u>100</u>
<i>Allotted and called up</i>	
Ordinary shares of £1 each	<u>3</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

### 11 Trade and other payables

	2007 £
Trade payables due to group companies	59,093
Other trade payables	1,881
	<u>60,974</u>

### 12 Financial instruments

The Company's financial instruments comprise cash balances, borrowings, receivables and payables that arise from its operations

The Company's activities expose it to credit risk

#### *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company has credit policies in place and

## EFR Service Company Limited

### Notes to the financial statements (continued)

#### 12 Financial instruments (continued)

exposure to credit risk is monitored on an ongoing basis At 31<sup>st</sup> December 2007, the financial assets exposed to credit risk were as follows

	2007 £
Trade and other receivables	26,772
	<u>26,772</u>

Credit risk arising on trade and other receivables and financial assets is mitigated by management involvement in the group companies Credit risk on cash and cash equivalents is mitigated by depositing fund with banks with credit rating of 'AA3' or better as determined by Moody's and Fitch rating agencies

#### *Fair value*

Most of the Company's financial instruments are carried at fair value on the balance sheet For certain other financial instruments, specifically trade and other receivables and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments

#### 13 Related parties

##### *Identity of related parties*

The Company has a related party relationship with its parent, subsidiaries, fellow subsidiaries of its parent and with its key management personnel, being its directors

The Company provides staff and infrastructure to, and is the Corporate Member of, EFR Management LLP, and in accordance with the Partnership Agreement, receives distributions

The Company is in the same VAT group as EFR Management LLP, European Forest Resources GP Limited and European Forest Resources Acquisition Limited

The following companies are related parties as a director of the Company held a directorship or was a partner in those companies during the period -

EFR GP Limited  
EFR Management LLP  
European Forest Resources Limited  
European Forest Resources Holdings S à r l  
European Forest Resources (France) S à r l  
European Forest Resources (Sweden) S à r l  
European Forest Resources (UK) S à r l  
European Forest Resources AB  
European Forest Resources LP  
European Forest Resources GP Limited  
European Forest Resources Acquisition Limited  
Louis Dreyfus Holdings Limited  
Louis Dreyfus Energy Holdings Limited  
Ressources Forestieres SAS

Amounts due to related parties at the period end representing payments of administrative expenses made on behalf of the Company are

	2007 £
Louis Dreyfus Energy Holdings Limited	59,093
	<u>59,093</u>

## **EFR Service Company Limited**

### **Notes to the financial statements** *(continued)*

#### **13 Related parties** (continued)

Amounts due from related parties at the period end representing payments of administrative expenses made on behalf of the related party are

	2007
	£
EFR Management LLP	25,192
European Forest Resources Holdings S à r l	3
	<hr/> 25,195

#### **14 Ultimate parent company and parent company of larger group**

The ultimate parent undertaking and controlling party is Louis Dreyfus S A S , a company registered in the France

Group accounts are drawn up for Louis Dreyfus S A S , copies of which may be obtained from 152 Avenue Malakoff, 75016 Paris, Cedex 16 France