

EFR Service Company Limited

Annual report and financial statements

For the year ended 31st December 2009

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COMPANIES HOUSE

Registered in England No 6160956

EFR Service Company Limited

Directors

R L Caperton
C G F Caperton
B P A Laferriere

Secretary

R G Bourne

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 12 month period to 31st December 2009. This director's report has been prepared in accordance with the special provisions relating to small companies under section 419(2)a of the Companies Act 2006.

Principal activities

The principal activity of the Company is the provision of management services to Convectro LLP.

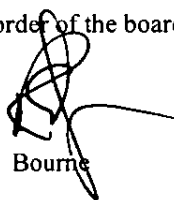
The results for the period and the financial position at the year end were considered satisfactory by the directors who expect to further develop the business in the foreseeable future.

Auditors

Deloitte LLP were appointed as auditors. The Company has elected to dispense with the requirement to appoint auditors annually.

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 418 of the Companies Act 2006.

By order of the board



R G Bourne

Secretary

28th June 2010

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 2006.

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,
- 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 2006.

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 year ended 31st December 2009 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 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

As explained more fully in the Statement of Directors' responsibilities, 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 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 (APB's) Ethical Standards of Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 31st December 2009 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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 not 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

EFR Service Company Limited

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

Matters on which we are required to report by exception *(Continued)*

- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report, or
- we have not received all the information and explanations we require for our audit



Stuart McLaren (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
28th June 2010

EFR Service Company Limited

Statement of Comprehensive Income

for the year ended 31st December 2009

	Note	2009 £	2008 £
Rendering of services	3	1,270,645	917,548
Gross profit		1,270,645	917,548
Administrative expenses	4	(1,226,259)	(886,210)
Operating profit		44,386	31,338
Finance income		121	855
Profit before tax		44,507	32,193
Taxation	7	(21,127)	(6,314)
Profit For the year		23,380	25,879
Other comprehensive income		-	-
Total comprehensive income		23,380	25,879

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

The notes on pages 9 to 17 form part of these accounts

EFR Service Company Limited

Statement of Financial Position

at 31st December 2008

	Note	2009 £	2008 £
Non-current assets			
Investments	8	10,000	10,000
Property, plant and equipment	9	33,425	40,557
Non-current assets		43,425	50,557
Current assets			
Trade and other receivables	10	338,593	770,439
Cash and cash equivalents	11	26,551	4,932
Current assets		365,144	775,371
Total assets		408,569	825,928
Equity			
Share capital	12	4	4
Share premium account	13	9,999	9,999
Retained earnings		24,028	648
Total equity		34,031	10,651
Current liabilities			
Trade and other payables	14	374,538	815,277
Current liabilities		374,538	815,277
Total liabilities		374,538	815,277
Net equity and liabilities		408,569	825,928

Approved by the board on 28th June 2010 and signed on its behalf by



R.L. Caperton

Director



R.G. Bourne

Secretary

Registered in England No 6160956

The notes on pages 9 to 17 form part of these accounts

EFR Service Company Limited

Statement of Cash Flows

for the year ended 31st December 2009

	2009 £	2008 £
Cash flows from: Operating activities		
Net profit before taxation and working capital changes	44,507	32,193
Decrease (increase) in trade and other receivables	431,846	(743,666)
(Decrease) increase in trade payables	(440,739)	754,302
Interest received	(121)	(855)
Less depreciation	10,889	10,138
Income tax payable	(21,127)	(6,314)
Net cash from operating activities	25,255	45,798
Investing activities		
Purchase of investment	-	(10,000)
Purchase of property, plant and equipment	(3,757)	(41,684)
Interest received	121	855
Net cash (used in) investing activities	(3,636)	(50,829)
Financing activities		
Proceeds from issue of shares	-	10,000
Net cash from financing activities	-	10,000
Net increase in cash and cash equivalents	21,619	4,969
Cash and cash equivalents at beginning of period	4,932	(37)
Cash and cash equivalents at end of period	26,551	4,932

The notes on pages 9 to 17 form part of these accounts

EFR Service Company Limited

Statement of Changes in Equity

for the year ended 31st December 2009

	Share capital £	Share premium £	Retained earnings £	Total Equity £
Balance at 31 st December 2007	3	-	(25,231)	(25,228)
Contribution from parent	1	9,999	-	10,000
Total comprehensive income	-	-	25,879	25,879
Balance at 31 st December 2008	4	9,999	648	10,651
Total comprehensive income	-	-	23,380	23,380
Balance at 31 st December 2009	4	9,999	24,028	34,031

The notes on pages 9 to 17 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 2006

These financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRSs’) as adopted for use in the EU. 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 as adopted by the EU

Going concern

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are found in the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Notes to the Financial Statements. In addition within the Notes to the Financial Statements one will find its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through financial support provided by European Forest Resources Holdings S a r l. The Company has obtained a letter of support stating that European Forest Resource Holdings S a r l will provide additional financial support, if required, to enable EFR Service Company Limited to meet its obligations as they fall due, and continue as a going concern.

The Company forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2 Accounting policies

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

IFRS standards and amendments effective for accounting periods beginning on or after 1st January 2009

The following standards and amendments, which are mandatory for accounting periods beginning on or after 1st January 2009, were adopted by the Company.

- IAS 1 “Presentation of Financial Statements”
- IFRS 7 “Financial Instruments Disclosures”
- IAS 23 (Revised) “Borrowing Costs”
- IAS 32 “Financial Instruments Presentation”

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.

- IFRS 9 “Financial Instruments – Classifications and measurement provisions of IAS 39 replaced by IFRS 9 effective 1 January 2013, with earlier application permitted.”
- IAS 39 “Financial Instruments Recognition and measurement effective for annual periods beginning on or after 1 July 2009.”
- IAS 24 “Related Party Disclosures effective for annual periods beginning on or after 1 January 2011.”

EFR Service Company Limited

Notes to the financial statements (continued)

2 Accounting policies (continued)

- IAS 27 "Consolidated and Separate Financial Statements effective for annual periods beginning on or after 1 July 2009 "
- IAS 28 "Investments in Associates effective for annual periods beginning on or after 1 July 2009 "

These standards and Interpretations are expected to require additional disclosure in future financial statements. The Directors believe that other pronouncements which are in issue but are not yet operative or adopted by the Company will not have a material impact on the Financial Statements of the Company.

Measurement convention

The financial statements are prepared on the historical cost basis.

Investments

Investments are treated as held-to-maturity and represent a capital contribution to Convector LLP, made by the company as the Corporate Member of the LLP, and are as detailed in Note 8 to the accounts.

Property, plant and equipment

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

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation of an asset commences when it is available for use. The estimated useful lives are as follows:

- office equipment 5 years

Financial instruments

Most of the Company's financial instruments are carried at fair value on the Statement of Financial Position. 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 payables

Trade payables, borrowings and other payables are measured at amortised cost using the effective interest rate method.

Trade and other receivables

Trade receivables, loans and other receivables are measured at amortised cost using the effective interest rate method, less any impairment.

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.

Rendering of services

Rendering of services income comprises fees charged under the Services Agreement with Convector LLP in relation to the provision of services for the purposes of operating its business. Fees are accounted for on an accruals basis.

Financing income and expense

Financing costs comprise interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the Statement of Comprehensive Income.

Interest income and interest payable is recognised in profit or loss as they accrue.

EFR Service Company Limited

Notes to the financial statements (continued)

2 Accounting policies (continued)

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 Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. 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 Statement of Comprehensive Income 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 Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

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 Statement of Financial Position 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 Rendering of services

	2009	2008
	£	£
Service fee income	1,270,645	917,548
	<u>1,270,645</u>	<u>917,548</u>

4 Administrative expenses

Included in administrative expenses are the following:

	2009	2008
	£	£
Bank charges	1,058	1,606
Staff costs	537,079	371,769
Travel and entertainment expense	2,400	953
Communication, information and general office expense	54,878	50,595
Property costs	603,500	439,254
Audit fees	6,000	11,500
Professional fees	10,245	817
Depreciation	10,889	10,138
Foreign exchange loss (gain)	210	(422)
	<u>1,226,259</u>	<u>886,210</u>

EFR Service Company Limited

Notes to the financial statements (continued)

4 Administrative expenses (continued)

The 2008 audit fee expense includes the 2007 audit fee of £6,000

5 Staff numbers and costs

The average number of persons employed by the Company during the year was 6 (2008, 4)

6 Fees payable to the company's auditor

	2009 £	2008 £
Fees for the audit of the company	6,000	5,500
	<u>6,000</u>	<u>5,500</u>

7 Taxation

Recognised in the Statement of Comprehensive Income	2009 £	2008 £
<i>Current tax expense</i>		
Total current tax expense	4,765	-
Group relief	16,353	6,314
<u>Total tax in the Statement of Comprehensive Income</u>	<u>21,127</u>	<u>6,314</u>
 Reconciliation of effective tax rate	 2009 £	 2008 £
Profit before tax	44,507	32,193
Implied tax expense at 28.0% (2008: 28.5%)	12,462	9,175
Prior year adjustment	4,063	-
Share of losses relating to investment in Limited Liability Partnership	-	(2,850)
Utilisation of losses carried forward	-	(11)
Non-deductible expenses	4,602	-
<u>Total tax in Statement of Comprehensive Income</u>	<u>21,127</u>	<u>6,314</u>

8 Investments

	2009 £	2008 £
Capital contributed to limited liability partnership	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

The Company made a capital contribution, as Corporate Member, to Convactor LLP in November 2008. The Company is also one of the designated members of the LLP. The Limited Liability Partnership Agreement of Convactor LLP delegates certain powers of management of the business of the LLP to the Corporate Member. The Corporate Member is not eligible for any profit share of the LLP. The Company can resign its position as a member of the LLP at any time with 12 months notice. The capital contribution represents 14% of the total capital of the LLP.

EFR Service Company Limited

Notes to the financial statements (continued)

9 Property, plant and equipment

	Office equipment £	Total £
Cost		
Balance at 1 st January 2008	9,011	9,011
Acquisitions	41,684	41,684
Disposals	-	-
Balance at 31 st December 2008	50,695	50,695
Acquisitions	3,757	3,757
Disposals	-	-
Balance at 31 st December 2009	54,452	54,452
Depreciation		
Balance as at 1 st January 2008	-	-
Provided during the year	10,138	10,138
Balance at 31 st December 2008	10,138	10,138
Provided during the year	10,889	10,889
Balance at 31 st December 2009	21,027	21,027
Net book value		
at 31 st December 2008	40,557	40,557
at 31 st December 2009	33,425	33,425

10 Trade and other receivables

	2009 £	2008 £
Trade receivables	43,439	33,189
Trade receivables due from Group undertakings	153,880	593,515
Other trade receivables and prepayments	141,274	143,735
	338,593	770,439

11 Cash and cash equivalents

	2009 £	2008 £
Cash at banks and in hand	26,551	4,932
	26,551	4,932

12 Share capital

	2009 £	2008 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
<i>Issued and fully paid</i>		
Ordinary shares of £1 each	4	4

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

EFR Service Company Limited

Notes to the financial statements (continued)

13 Share premium account

	£
Balance at 1 st January and 31 st December 2007	-
Premium arising on issue of ordinary share	9,999
Balance at 31 st December 2008 and 31 st December 2009	9,999

14 Trade and other payables

	2009	2008
	£	£
Trade payables	135,382	815
Trade payables due to related parties	205,043	788,010
Non-trade payables and accrued expenses	34,113	26,452
	374,538	815,277

15 Financial instruments

The Company's financial instruments comprise cash balances, 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 exposure to credit risk is monitored on an ongoing basis. At 31st December, the financial assets exposed to credit risk were as follows

<i>Financial Assets</i>	2009	2008
	£	£
Trade and other receivables	338,593	770,439
Cash and cash equivalents	26,551	4,932
	365,144	775,371

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 funds with banks with credit rating of 'AA3' or better as determined by Moody's and Fitch rating agencies.

Fair value

The Directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate fair value due to the immediate or short term nature of these financial instruments.

Interest rate risk

The Company is not exposed to interest rate risk. The Company meets its day to day working capital requirements through fee income from Convector LLP.

EFR Service Company Limited

Notes to the financial statements (continued)

15 Financial instruments (continued)

Liquidity risk

The Company is not exposed to liquidity risk. The Company meets its day to day working capital requirements through fee income from Convecton LLP.

The following tables details the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be expected to pay.

Maturity analysis of financial liabilities

	Less than 3 months £	Total £
<i>31 December 2009</i>		
Trade payables	135,382	135,382
Trade payables due to related parties	205,043	205,043
Non-trade payables and accrued expenses	34,113	34,113
	<hr/> 374,538	<hr/> 374,538
<i>31 December 2008</i>		
Trade payables	815	815
Due to related parties	788,010	788,010
Accrued expenses	26,452	26,452
	<hr/> 775,371	<hr/> 775,371

16 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, Convecton LLP.

The Company is in the same VAT group as Convecton LLP, Drum Ba Sustainable Energy Limited, EFR (Scotland) Limited, European Forest Resources GP Limited and European Forest Resources Acquisition Limited.

EFR Service Company Limited

Notes to the financial statements (continued)

16 Related parties (continued)

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 -

Chasses et Foret SAS
 Convector LLP
 Drum Ba Sustainable Energy Limited
 EFR (Scotland) Limited
 European Forest Resources Holdings Limited
 European Forest Resources Holdings LP
 European Forest Resources Holdings GP Limited
 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 (Scotland) LP
 European Forest Resources GP Limited
 European Forest Resources Acquisition Limited
 Forestis SAS
 Groupement Forestier des Bois de L'Avenir
 Kastanie Limited
 Les Moulins du Lohan SAS
 Louis Dreyfus Holdings Limited
 Louis Dreyfus Energy Holdings Limited
 Ressources Forestieres SAS

Amounts due to related parties at the period end represent receipts of VAT on behalf of the related party under the Company's VAT group registration, the recharging by a related party of property costs and the amounts outstanding under the Service Fee Agreement

	2009	2008
	£	£
Convector LLP	84,257	-
European Forest Resources Acquisition Limited	-	2,314
European Forest Resources (Scotland) LP	930	2,678
Louis Dreyfus Energy Holdings Limited	119,856	783,018
	<u>205,043</u>	<u>788,010</u>

Amounts due from related parties at the period end represent the payment of administrative expenses made on behalf of the related party

	2009	2008
	£	£
Convector LLP	-	571,594
Drum Ba Sustainable Energy Limited	110,710	
EFR (Scotland) Limited	17,800	
European Forest Resources Acquisition Limited	4,320	-
European Forest Resources Holdings S à r l	2,760	1,076
European Forest Resources Limited	132	6,181
European Forest Resources LP	15,330	11,000
Ressources Forestieres SAS	2,828	3,664
	<u>153,880</u>	<u>593,515</u>

EFR Service Company Limited

Notes to the financial statements *(continued)*

17 Ultimate parent company and group financial statements

The ultimate parent undertaking and controlling party is Louis Dreyfus Holding B V., a company registered in the Netherlands

The smallest parent undertaking for which Group financial statements are prepared is European Forest Resources Holdings Limited, incorporated in Guernsey

The largest parent undertaking for which Group financial statements are prepared is Louis Dreyfus Holding B V. Copies of these group financial statements may be obtained from Zuidplein 208 Tower H, L 25, 1077XV Amsterdam, Netherlands.