

**Commercial Forestry LLP**  
**Report and Financial Statements**  
**Registered number: OC403413**  
**For the year ended 30 September 2022**

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**Commercial Forestry LLP  
Partnership Information**

LLP registered number	OC403413
Bankers	The Royal Bank of Scotland
Auditors	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Designated Members	Corporate Trading Companies Designated Member Limited (Reg No. 08123041)  Corporate Trading Companies Secretaries Limited (Reg No. 05715822)
Registered Office	338 Euston Road London NW1 3BG

**Commercial Forestry LLP  
Report of the Members  
For the year ended 30 September 2022**

The Members present the financial statements of Commercial Forestry LLP for the year ended 30 September 2022. These have been prepared in accordance with the Members Agreement, dated 27 April 2016.

**Principal Activities**

The Partnership was incorporated on 11 December 2015.

The objective of the Partnership is to provide limited companies with a profitable trading opportunity in owning and operating UK forestry.

**Members' responsibilities statement**

The Members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the Members 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, as applied to LLPs, the Members 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 Partnership and of the profit or loss of the Partnership for that period.

In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The Members are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as applicable to limited liability partnerships. The Members are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Members are responsible for the maintenance and integrity of the corporate and financial information included on the Partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. These responsibilities are exercised by the designated Members on behalf of the Members.

**Coronavirus (COVID-19) outbreak**

The LLP is well placed to deal with the uncertainty caused by the COVID-19 outbreak. The forestry plantations were not negatively impacted and the valuations have risen above the pre-COVID-19 levels. The assets are partially underpinned by land values and benefit from steady organic growth from maturing timber. The members continue to assess the LLP's ability to operate under similar circumstances should they arise again.

**Russia - Ukraine conflict**

The LLP's investor base has no Russian presence and there are no contracts in place with Russian firms. To date the economic strain caused by the conflict has not resulted in a fall in timber prices across the forestry sector and correspondingly valuations have not been effected.

**Policy with respect to Members' capital**

Each Member shall contribute such capital as set out in its Deed of Adherence, by payment to the Partnership in cleared immediately available funds. All contributions of capital shall be recorded by the Partnership in a Capital Account maintained for the relevant Member. The Capital Account for each Member shall also specify the number of Participations nominally issued to that Member in return for its Capital Contribution. No Member shall be required to contribute additional capital on the insolvency of the LLP.

**Policy with respect to Members' distributions, Members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by Members**

No Member shall be entitled to make any drawings from the Partnership on account of their share of any Profits unless otherwise agreed by the Members by Enhanced Resolution. No drawings shall be made unless the bank account of the Partnership contains and/or is reasonably expected to receive funds for this purpose in excess of the amount necessary to meet the current outstanding and expected liabilities of the Partnership. If, in any Accounting Reference Period, the aggregate amount drawn by any Member is found to exceed his share of the Profits for that Accounting Reference Period, he shall immediately refund such excess to the Partnership together with interest at the rate of 3% per annum above base rate. The Members may determine by Special Resolution to distribute some or all of the Profits standing to the credit of any Member's account. Unless such a determination is made, Members shall not be entitled to withdraw any Profits allocated to them, and each Member agrees that all Profits of the Partnership allocated to it shall be available to the Partnership to make further investments.

**Commercial Forestry LLP**  
**Report of the Members Continued**  
**For the year ended 30 September 2022**

All contributions of capital shall be recorded by the LLP in a Capital Account maintained for the relevant Member.  
No Member shall be required to contribute additional capital on the insolvency of the LLP.  
A Member's Capital Contribution shall be repaid only in the following circumstances:

- if the Members by Enhanced Resolution so agree;
- in accordance with clause 20; or
- on the winding up of the LLP.

**Provision of information to auditors**

Each of the persons who are designated members at the time when the members' report is approved has confirmed that:

- so far as that designated member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and
- that designated member has taken all the steps that ought to have been taken as a designated member in order to be aware of any information needed by LLP's auditors in connection with preparing their report and to establish that the LLP's auditors are aware of that information.

Designated Members are:

Corporate Trading Companies Designated Member Limited (Reg No. 08123041) Appointed on 15 August 2017  
Corporate Trading Companies Secretaries Limited (Reg No. 05715822) Appointed on 15 August 2017

This report was approved by the members on Jun 2, 2023 and signed on their behalf by:



.....  
Edward Mole  
For and on behalf of Corporate Trading Companies Designated Member Limited

## **Independent Auditors' Report to the Members of Commercial Forestry LLP**

### **Opinion**

We have audited the financial statements of Commercial Forestry LLP (the 'LLP') for the year ended 30 September 2022 which comprise the Statement of Total Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", applying Section 1A of the Standard (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 30 September 2022 and of its profit 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, as applied to limited liability partnerships.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

### **Other information**

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships regime.

### **Responsibilities of Members**

As explained more fully in the members' responsibilities statement set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

## Independent Auditors' Report to the Members of Commercial Forestry LLP Continued

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the LLP and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: anti-money laundering regulation and general data protection regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of the members as to whether the LLP is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the LLP which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006, as applied to limited liability partnerships.

In addition, we evaluated the members' incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to valuation of tangible and biological assets, incentive fee provision, revenue recognition which we pinpointed to the cut-off assertion, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the members on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit report

This report is made solely to the LLP'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 LLP'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 LLP and the LLP's members as a body for our audit work, for this report, or for the opinions we have formed.



Lucy Hampson  
(Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

Date: Jun 2, 2023

**Commercial Forestry LLP**  
**Statement of Total Comprehensive Income**  
**For the year ended 30 September 2022**  
**Reg No: OC403413**

	Notes	Year Ended 30 September 2022	Year Ended 30 September 2021
		£	£
<b>TURNOVER</b>		1,184,097	1,043,607
<b>EXPENSES</b>		(3,591,932)	(2,127,687)
Value of felled timber	3	(463,959)	(715,688)
<b>OPERATING LOSS</b>	2	(2,871,794)	(1,799,768)
Gain on revaluation of biological assets	3	4,473,396	3,712,553
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		1,601,602	1,912,785
Tax on profit on ordinary activities		-	-
<b>PROFIT AFTER TAX</b>		1,601,602	1,912,785
<b>RETAINED PROFIT BROUGHT FORWARD</b>		6,683,148	4,770,363
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		8,284,750	6,683,148
Profits accrued/distributed to Members		-	-
<b>PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		8,284,750	6,683,148
<b>OTHER COMPREHENSIVE INCOME</b>			
Movement on revaluation of tangible assets	3	4,416,170	3,750,392
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		12,700,920	10,433,539

All operations are classified as continuing.  
 The notes on pages 8 to 12 form part of these financial statements.

**Commercial Forestry LLP**  
**Statement of Financial Position**  
**As at 30 September 2022**  
**Reg No: OC403413**

	Notes	30 September 2022 £	30 September 2021 £
<b>FIXED ASSETS</b>			
Tangible assets	3	27,082,218	18,268,932
Biological assets	3	<u>46,052,782</u>	<u>33,817,321</u>
		73,135,000	52,086,253
<b>CURRENT ASSETS</b>			
Debtors	4	381,838	3,266
Cash at bank and in hand		<u>418,972</u>	<u>817,438</u>
		800,810	820,704
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	5	(514,913)	(108,019)
<b>Provisions</b>	6	(2,424,373)	(1,720,186)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u><u>70,996,524</u></u>	<u><u>51,078,752</u></u>
<b>REPRESENTED BY:</b>			
<b>Equity</b>			
Members other interests	7	50,948,000	37,048,000
Profit and loss account	7	9,717,300	8,115,698
Revaluation reserve		10,331,224	5,915,054
		<u><u>70,996,524</u></u>	<u><u>51,078,752</u></u>

The financial statements have been prepared in accordance with the special provisions relating to LLPs subject to the small LLPs regime within Part 15 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and in accordance with the Financial Reporting Standard 102 - Section 1A.

These financial statements were authorised and approved for issue on **Jun 2, 2023**

by the members of Commercial Forestry LLP on behalf of the Partners.



.....  
**Edward Mole**  
For and on behalf of Corporate Trading Companies Designated Member Limited  
Designated Member

The notes on pages 8 to 12 form part of these financial statements.



**Commercial Forestry LLP**  
**Notes to the financial statements**  
**For the year ended 30 September 2022**

**General information**

Commercial Forestry LLP is a limited liability partnership incorporated in the United Kingdom. The address of its registered office and principal place of business is 338 Euston Road, London NW1 3BG. The principal activity of the Partnership during the year was operating commercial UK forestry.

The functioning currency of the Partnership is pounds Sterling as this is the currency of the primary economic environment in which the Partnership operates.

**1. Accounting policies**

The principal accounting policies are summarised below.

**a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102 - Section 1A and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

**b) Going Concern**

The financial statements have been prepared on the going concern basis. The members have assessed the ability of the partnership to operate through a pandemic, like the recent Covid-19 outbreak, and the impact of the current Russia- Ukraine conflict on the economy (refer to the members report for further detail) and the members expect the Partnership to have adequate funds available from reserves and current trading activities to enable it to continue as a going concern for at least 12 months from the date of signing the financial statements.

**c) Cash flow statement**

The financial statements do not include a Cash flow statement because the LLP, as a small reporting entity, is exempt from the requirement of Section 7 Statement of Cash Flows.

**d) Service fees and annual management charges**

A service fee of 1.5% p.a. of Elm Trading Ltd's investment value is charged on a monthly basis through the Partnership and deducted from Elm Trading Ltd's share of the Partnership income before it is credited to the current accounts. Elm Trading Ltd is member in the Partnership. Annual fees of 1.5% or 1.55% of the partnership capital are charged for all other partners.

**e) Incentive fee**

An incentive fee is accrued to the forestry manager under the terms of the management services agreement. The fee is 15% of the excess performance after the LLP has achieved a 5% IRR.

**f) Turnover**

Turnover represents amounts invoiced in respect of income generated from the forests owned by the partnership. Turnover is recognised net of VAT on an accruals basis during the period in which it is generated

**g) Tangible fixed assets**

Tangible fixed assets represent the land on which the LLP's forestry plantations are located. The land is held at fair value under the revaluation model and has been valued at the balance sheet date by Goldcrest Land & Forestry Group.

Under the revaluation model, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

No depreciation is provided. Valuation movements are recognised in Other Comprehensive Income to the extent they are not reversing a prior impairment.

**h) Biological assets**

Biological assets represent the trees in the LLP's forestry plantations. The trees are held at their fair value and have been valued at the balance sheet date by Goldcrest Land & Forestry Group.

Under the fair value model, a biological asset whose fair value can be measured reliably shall be carried at fair value less costs to sell.

No depreciation is provided. Valuation movements are recognised in Profit and Loss to the extent they are not reversing a prior impairment.

**Commercial Forestry LLP**  
**Notes to the financial statements**  
**For the year ended 30 September 2022**

**i) Taxation**

The taxation payable on the partnership profits is the personal liability of the members, therefore neither partnership taxation nor related deferred taxation are accounted for in the financial statements.

**j) Members' participation rights**

Other than those decisions to be determined by the Members by Special Resolution or Enhanced Resolution, all matters to be determined by the LLP or the Members, and any other matter relating to the day-to-day business and affairs of the LLP, shall be determined by the Members by a majority of votes. In respect of each decision or resolution each Member shall have one vote in respect of each Participation held by it.

Unless the Members otherwise agree by Enhanced Resolution, the Profits and Losses of the LLP shall be shared by the Members in proportion to their Participation Percentages and no Member shall be required to contribute additional capital on the insolvency of the LLP.

**k) Financial instruments**

Financial instruments are included under the provisions of Section 11 'Basic Financial Instruments' of FRS 102. Basic financial instruments, which include trade and other receivables, cash and bank balances and trade and other payables are measured at transaction price including transaction costs.

**l) Members remuneration**

No remuneration is paid to the members.

**m) Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements. However, the nature of judgement and estimation means that actual outcomes could materially differ from those estimates.

Critical judgements represent key decisions made by management in the application of the accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a key source of estimation uncertainty. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period in which the estimate is revised, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next 12 months are discussed below.

**Critical accounting judgements**

**Classification of forests**

The trees are living plants and therefore meet the definition of a biological asset. Management have judged that the forests relate to agricultural activity, defined in FRS102 as 'the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets'. Therefore they are accounted for using the requirements of FRS102 section 34 Agriculture.

**Asset valuations**

The assets have been valued by an independent valuer at the Balance Sheet date. To value the assets a number of assumptions have been made including a split between the land value and biological asset (trees) value. Further details on the valuation methodology and the assumptions can be found in note 3.

**Incentive fee provision**

An incentive fee is payable to the forestry manager under the terms of the management services agreement. The fee is 15% of the excess performance after the LLP has achieved a 5% IRR. Performance is measured by the actual trading data but also incorporates any asset valuation uplifts described above. Further details can be found in note 6.

**Commercial Forestry LLP**  
**Notes to the financial statements (continued)**  
**For the year ended 30 September 2022**

**2. Operating profit**

Operating profit is disclosed after charging:

	Year Ended	Year Ended
	30 September 2022	30 September 2021
	£	£
Auditor's remuneration	22,000	14,000
Service fees and annual management charges	634,031	559,290
	<u>656,031</u>	<u>573,290</u>

The average number of members during the period to 30 September 2022 was 166 (2021: 168). No remuneration has ever been paid to the members and the LLP does not have, nor has it ever had, any employees.

<b>3. Fixed assets</b>	<b>Tangible Assets (Land) £</b>	<b>Biological Assets (Trees) £</b>	<b>Total £</b>
<b>Cost</b>			
At 30 September 2021	12,353,879	23,745,234	36,099,113
Additions	4,397,116	7,791,880	12,188,996
Planting and seeds	-	434,144	434,144
Fellings*	-	(243,062)	(243,062)
At 30 September 2022	<u>16,750,995</u>	<u>31,728,196</u>	<u>48,479,191</u>
<b>Revaluations</b>			
At 30 September 2021	5,915,053	10,072,086	15,987,140
Fellings*	-	(220,897)	(220,897)
Movement	4,416,170	4,473,396	8,889,566
At 30 September 2022	<u>10,331,223</u>	<u>14,324,586</u>	<u>24,655,809</u>
<b>NBV</b>			
At 30 September 2021	18,268,932	33,817,321	52,086,253
At 30 September 2022	<u>27,082,218</u>	<u>46,052,782</u>	<u>73,135,000</u>

\*The total carrying value of timber felled in the year was £463,959 (2021: £715,688).

The forests were valued at their open market value at 30 September 2022 by Goldcrest Land & Forestry Group, acting in the capacity of external valuer. The valuation is in accordance with the requirements of FRS 102 and is fair value in accordance with the RICS Red Book Standards. Under RICS Red Book Standards defines fair value as 'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date'.

In arriving at the values we have used assessment of crop Yield Class provided by the forestry manager. Timber volumes have been taken from Forestry Commission Forest Yield Models, with an appropriate conversion to tonnes (usually cubic metres\* 0.85 =tonnes). Timber prices have been taken from current market evidence, including recent sales at the properties, estimates by the forest managers and our own market knowledge.

Land values have been assessed based on the current purpose of commercial forestry. Any potential value for renewable energy developments or other usage has been ignored.

We note there is a degree of uncertainty in the market value of land and forestry assets resulting from the significant changes in the financial climate. Adversely, the drive for a more carbon-friendly economy and the desire to secure a stake in the asset class, and in land in general, are helping to maintain the strong fundamentals in the sector.

The historical cost of the assets is £49,373,853 (2021: £36,507,651).

**Commercial Forestry LLP**  
**Notes to the financial statements (continued)**  
**For the year ended 30 September 2022**

**4. Debtors**

	30 Sept 2022 £	30 Sept 2021 £
Trade debtors	184,322	-
VAT	197,516	3,266
	<u>381,838</u>	<u>3,266</u>

**5. Creditors: amounts falling due within one year**

	30 Sept 2022 £	30 Sept 2021 £
Accruals	514,913	108,019
	<u>514,913</u>	<u>108,019</u>

**6. Provisions**

	£
At 30 September 2021	1,720,186
Charged in the year	704,187
At 30 September 2022	<u>2,424,373</u>

The provision is an incentive fee owed to the forestry manager. The fee is 15% of the excess performance after the LLP has achieved a 5% IRR and is payable on sale of the assets or winding up of the LLP.

**7. Reconciliation of members' interests**

	Members Capital (classified as equity) £	Profit and Loss Account £	Revaluation Reserve £	Total £
At 30 September 2020	32,250,000	6,202,913	2,164,662	40,617,575
Capital introduced	4,798,000	-	-	4,798,000
Movement available for division among members	-	1,912,785	3,750,392	5,663,176
At 30 September 2021	<u>37,048,000</u>	<u>8,115,698</u>	<u>5,915,054</u>	<u>51,078,752</u>
Capital introduced	13,999,370	-	-	13,999,370
Capital withdrawn	(99,370)	-	-	(99,370)
Movement available for division among members	-	1,601,602	4,416,170	6,017,772
At 30 September 2022	<u>50,948,000</u>	<u>9,717,300</u>	<u>10,331,224</u>	<u>70,996,524</u>

**Commercial Forestry LLP**  
**Notes to the financial statements (continued)**  
**For the year ended 30 September 2022**

**8. Winding up**

In the event of any winding up or dissolution of the LLP (other than in circumstances of insolvency) the net assets of the LLP (or proceeds of the sale of such assets) shall be distributed to members in the proportions of their capital contributions at the date of commencement of any such winding up or dissolution.

**9. Controlling party**

The controlling party holding more than 50% of the LLP's participations is Elm Trading Ltd.

The largest and smallest group of undertakings for which the results of the Partnership are consolidated is that headed up by Elm Trading Limited. The consolidated financial statements of Elm Trading Limited can be obtained from 338 Euston Road, London NW1 3BG.

**10. Related party transactions**

During the year service fees of £575,977 were paid to Elm Trading Ltd (2021: £531,166). Elm Trading Ltd committed £13,999,370 of capital to the LLP in the year (2021: £4,210,311) resulting in a total balance of £48,083,725 at the year end (2021: £34,084,355).

Service fees of £58,054 were also paid to Alpha Real Property Investment Advisers LLP (Alpha) (2021: £28,124). The partnerships's members representatives are officers of Alpha.

At the year end the outstanding service fee balance payable to Alpha was £4,937 (2021: £2,813). The service fee balance payable to Elm Trading Ltd at year end was £59,281 (2021: £42,022).