

EFR (Scotland) Limited

Annual report and financial statements

For the year to 31 December 2014

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COMPANIES HOUSE

Registered in Scotland No: 354527

EFR (Scotland) Limited

Directors

R. L. Caperton
W. J. Straker-Nesbit
D. Ross (Resigned 29 June 2014)

Secretary

R. G. Bourne

Registered office

24 Great King Street, Edinburgh, EH3 6QN

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2014. This directors' report has been prepared in accordance with the special provisions relating to small companies under section 419(2) of the Companies Act 2006. The Directors have taken advantage of the provisions applicable to companies entitled to the small companies exemption in both this Directors' report and in not preparing a Strategic report.

Principal activities

The principal activity of the company is renewable energy production.

The profit for the year after taxation amounted to £80,084 (2013: loss £108,990).

Business review

The company, through its subsidiaries, is undertaking the processes required under local legislation that are necessary for it to construct wind farms on properties owned in Scotland by a Group undertaking and are investigating other renewable energy production opportunities in Scotland. The company ceased its holiday let business during the year.

The company's use of financial instruments and their associated risks are detailed in Note 19 of these accounts.

Dividends

The directors do not recommend the payment of a dividend (2014: £nil).

Going Concern, Key Business Risks and Uncertainties

After making enquiries, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future as described in note 1 to the financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. The directors note the following key business risks and uncertainties:

- liquidity risk;
- interest rate risk;
- credit risk; and
- foreign exchange risk.

These risks and management's responses thereto are described more fully in note 19 to the financial statements.

Auditor

Deloitte LLP were appointed as auditor. The company has elected to dispense with the requirement to appoint an auditor annually.

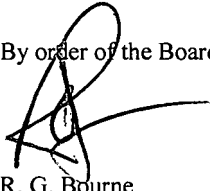
EFR (Scotland) Limited

Directors' report *(continued)*

Auditor *(continued)*

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 auditor is 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 auditor is 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

A handwritten signature in black ink, appearing to be 'R. G. Bourne', written over a faint circular stamp or seal.

R. G. Bourne

Secretary

19 May 2015

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- 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 IFRSs are 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
- make an assessment of the company's ability to continue as a going concern.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 to 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.

EFR (Scotland) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EFR (SCOTLAND) LIMITED

We have audited the financial statements of EFR (Scotland) Limited for the year ended 31 December 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 21. 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 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 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 auditor

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board Ethical Standards for 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 and of its profit for the year 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

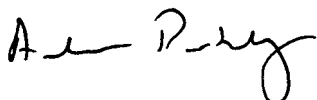
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EFR (SCOTLAND) LIMITED
(continued)

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



Andrew Partridge (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
19 May 2015

EFR (Scotland) Limited

Statement of Comprehensive Income

for the year ended 31 December 2014

	Note	2014 £	2013 £
Revenue	4	24,816	22,491
Cost of sales		(38,352)	(25,861)
Unrealised gain on revaluation of property, plant and equipment	11	25,000	-
Unrealised gain on revaluation of investment property	12	25,000	40,000
Other operating expense	5	-	(520)
Administrative expenses	6	(33,567)	(90,409)
Foreign exchange gain / (loss)		122,616	(41,979)
Operating profit / (loss)		125,513	(96,278)
Finance income		30	18
Finance costs		(14,282)	(13,167)
Profit / (loss) before tax		111,261	(109,427)
Taxation	10	(31,177)	437
Profit / (loss) for the year		80,084	(108,990)
Other comprehensive income		-	-
Total comprehensive profit / (loss)		80,084	(108,990)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 21 form part of these accounts

EFR (Scotland) Limited

Statement of Financial Position

at 31 December 2014

	Note	At 31 December 2014 £	At 31 December 2013 £
Non-current assets			
Property, plant and equipment	11	368,061	352,026
Investment property	12	950,000	925,000
Investment in subsidiaries	14	4	4
Deferred tax asset	10	-	17,876
		1,318,065	1,294,906
Current assets			
Trade and other receivables	15	6,022	6,446
Cash and cash equivalents	16	34,118	658
Current assets		40,140	7,104
Total assets		1,358,205	1,302,010
Equity			
Share capital	17	2	2
Accumulated loss		(436,853)	(516,937)
Total equity		(436,851)	(516,935)
Current liabilities			
Trade and other payables	18	1,786,703	1,818,945
Current liabilities		1,786,703	1,818,945
Non-current liabilities			
Deferred tax liability	10	8,353	-
Non-current liabilities		8,353	-
Total liabilities		1,795,056	1,818,945
Total equity and liabilities		1,358,205	1,302,010

Approved by the Board on 19 May 2015 and signed on its behalf by



R. L. Caperton

Director

Registered in Scotland No: 354527

The notes on pages 10 to 21 form part of these accounts

EFR (Scotland) Limited

Statement of Cash Flows

for the year ended 31 December 2014

	2014 £	2013 £
Cash flows from: Operating activities		
Profit / (loss) for the year	80,084	(108,990)
Decrease / (increase) in trade and other receivables	424	(2,339)
Increase in trade payables	5,561	10,157
Less total net gain on fair value of assets	(25,000)	(40,000)
Less total net (gain) / loss on disposal of property, plant and equipment	(25,000)	520
Less finance income	(30)	(18)
Add finance costs	14,282	13,167
Add depreciation on property, plant and equipment	8,965	9,211
Adjust for taxation	31,177	(437)
Net cash used in operating activities	90,463	(118,729)
Investing activities		
Purchase of property, plant and equipment	-	(1,442)
Net cash used in investing activities	-	(1,442)
Financing activities		
(Repayment of) / proceeds from group undertaking borrowing	(42,751)	133,115
Interest received	30	18
Interest paid	(14,282)	(13,167)
Net cash from financing activities	(57,003)	119,966
Net increase / (decrease) in cash and cash equivalents	33,460	(205)
Cash and cash equivalents at beginning of period	658	863
Cash and cash equivalents at end of period	34,118	658

The notes on pages 10 to 21 form part of these accounts

EFR (Scotland) Limited

Statement of Changes in Equity

for the year ended 31 December 2014

	Share capital £	Accumulated loss £	Total equity £
Balance at 1 January 2012	2	(407,947)	(407,945)
Total comprehensive loss	-	(108,990)	(108,990)
Balance at 31 December 2012	2	(516,937)	(516,935)
Total comprehensive profit	-	80,084	80,084
Balance at 31 December 2014	2	(436,853)	(436,851)

The notes on pages 10 to 21 form part of these accounts

EFR (Scotland) Limited

Notes to the financial statements

1 General information

EFR (Scotland) Limited 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.

The financial statements are presented in pounds sterling "£" because this is the currency of the primary economic environment in which the company operates.

Going concern

The company's business activities, 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, foreign exchange risk, interest risk and liquidity risk. The factors likely to affect its future development are summarised below.

The company meets its day-to-day working capital requirements through financial support provided by European Forest Resources (UK) S.à r.l. The company has obtained a letter of support stating that European Forest Resource Holding S.à r.l. will provide additional financial support, if required, to enable the company 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 financial statements.

2 Accounting policies

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

The following Standards or Interpretations have been adopted in the current period. Their adoption has not had any impact on the amounts reported in these financial statements and is not expected to have any impact on future financial periods:

- IFRS 12 *Disclosure of Interests in Other Entities* – amendments for investment entities effective for the annual periods beginning on or after 1 January 2014.
- IAS 32 *Financial Instruments: Presentation* – amendments to application guidance on the offsetting of financial assets and liabilities effective for annual periods beginning on or after 1 January 2014.

At the date of authorisation of these financial statements the following Standards and Interpretations have been issued, but are not yet effective (and in some cases had not been adopted by the EU):

- IFRS 7 *Financial Instruments: Disclosures* – amendments requiring disclosures about the initial application of IFRS 9 effective for annual periods beginning on or after 1 January 2015 (or otherwise when IFRS 9 is first applied).

EFR (Scotland) Limited

Notes to the financial statements (continued)

2 Accounting policies (continued)

- IFRS 9 *Financial Instruments*: Classification and Measurement effective for annual periods beginning on or after 1 January 2015.
- IFRS 9 *Financial Instruments* – accounting for financial liabilities and derecognition effective for annual periods beginning on or after 1 January 2015.

These Standards and Interpretations are not expected to have a material impact on the company's financial statements but may require additional disclosure in future accounting periods.

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.

Revenue

Revenue from holiday lets is recognised on an accruals basis at the fair value of the consideration received, net of discounts and VAT.

Expenses

All expenses are accounted for on an accruals basis.

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.

Property, plant and equipment

Plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Owner-occupied buildings are stated at their revalued amounts, being the fair value at the reporting date. Any revaluation gains are recognised in the Revaluation Reserve, except to the extent that these reverse a revaluation decrease for the same asset previously recognised as an expense, in which case the gain is credited to the Statement of Comprehensive Income to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the Revaluation Reserve relating to a previous revaluation of that asset. The fair market valuation of the buildings will be calculated by employing the services of local third party experts to ascertain the value of the buildings in their condition at the time of the valuation. Additionally, the company will analyse data from the previous 12 months of buildings transactions within the geographical area and will consider the price of buildings which are being offered on the market at the year end. Owner-occupied buildings are not depreciated.

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 plant and equipment. Depreciation of an asset commences when it is available for use. The estimated useful lives are as follows:

- Plant and equipment: 5 years

EFR (Scotland) Limited

Notes to the financial statements (continued)

2 Accounting policies (continued)

Investment Property

In the first 12 months following acquisition of an investment property, whether by means of outright purchase, share purchase or other means the investment property will be valued at purchase price plus associated costs, which equates to fair value.

Going forward, the fair market valuation of the investment property will be calculated by employing the services of local third party experts to ascertain the value of the investment property in its condition at the time of the valuation.

The resulting fair value will be compared for reasonableness, where possible, to recent sales of similar types of property in the geographical area.

Gains or losses arising from changes in the fair value of investment property assets are included in the Statement of Comprehensive Income for the period in which they arise.

Investment Properties represent those properties held by the company which are not occupied by the company.

Assets under construction

Assets under construction represent costs incurred in the planning and development of wind farms and heat plants to be located on land owned by the Group and are recognised if:

- it is possible that future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset to the entity can be measured reliably.

Assets under construction are carried at cost less any recognised impairment loss. Depreciation of these assets, on a basis to be determined by management, will commence when the assets are ready for their intended use.

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.

Financing income and cost

Financing costs comprise interest payable and interest receivable on funds invested that are recognised in the Statement of Comprehensive Income.

Interest income and interest cost is recognised in the Statement of Comprehensive Income as it accrues.

Foreign currencies

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.

EFR (Scotland) Limited

Notes to the financial statements (continued)

2 Accounting policies (continued)

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 Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below:

- Investment property; and
- Property, plant and equipment

The directors use their judgement in selecting an appropriate valuation technique for each of the above. Changes in any estimates could lead to recognition of significant fair value changes in the Statement of Comprehensive Income.

4 Revenue

	2014	2013
	£	£
Revenue from holiday lets	24,816	22,491
	<u>24,816</u>	<u>22,491</u>

5 Other operating expense

	2014	2013
	£	£
Loss on disposal of fixed assets	-	520
	<u>-</u>	<u>520</u>

EFR (Scotland) Limited

Notes to the financial statements *(continued)*

6 Administrative expenses

Included in administrative expenses are the following:

	2014	2013
	£	£
Audit fee	4,730	4,590
Directors' fees	-	18,500
Travel and entertainment expense	347	2,135
Asset management fee	20,531	19,849
Professional consultancy fees	200	250
Depreciation	8,965	9,211
Other administrative expenses	(1,206)	35,874
	<u>33,567</u>	<u>90,409</u>

7 Staff numbers and costs

The average number of persons employed by the company during the period was nil (2013: nil).

8 Directors' emoluments

	2014	2013
	£	£
Total directors' emoluments	-	18,500
	<u>-</u>	<u>18,500</u>

No director received any remuneration from the company during the year (2014: £18,500).

9 Fees payable to the company's auditor

	2014	2013
	£	£
Fee for the audit of the company	4,730	4,590
	<u>4,730</u>	<u>4,590</u>

EFR (Scotland) Limited

Notes to the financial statements (continued)

10 Taxation

Recognised in the Statement of Comprehensive Income	2014 £	2013 £
<i>Current tax expense:</i>		
Current year	-	-
Total current tax expense	-	-
Deferred tax charge / (credit)	31,068	320
Deferred tax charge / (credit) prior year adjustment	(4,839)	4,217
Group relief current year	-	(4,948)
Group relief prior year adjustment	4,948	(26)
Total tax charge / (credit) in Statement of Comprehensive Income	31,177	(437)

Reconciliation of effective tax rate	2014 £	2013 £
Profit / (loss) before tax	111,261	(109,427)
Implied tax credit at 21.5% (2012: 23.25%)	23,921	(25,442)
Non-deductible expenses	1,927	6,720
Capital allowances	(1,235)	-
Prior year adjustment	1,153	4,191
Effect of temporary differences recognised in deferred tax	6,455	12,409
Effect on deferred tax balance due to the change in tax rate from 21% to 20% (effective 1 April 2015)	(1,044)	1,685
Total tax credit in Statement of Comprehensive Income	31,177	(437)

Reconciliation of net deferred tax asset / (liability)	2014 £	2013 £
Opening balance as at 1 January	17,876	22,413
Prior period adjustment	4,839	(4,217)
Charge to comprehensive income	(31,068)	(320)
	(8,353)	17,876

The company has unused tax losses, including temporary timing differences, of £246,929 (2013: £313,950). A deferred tax liability has been recognised in respect of £41,766 (2013 deferred tax asset: £71,520). No deferred tax asset has been recognised in respect of the remaining £288,695 (2013: £242,430) as it is not considered probable that there will be future taxable profits available.

EFR (Scotland) Limited

Notes to the financial statements (continued)

11 Property, plant and equipment

	Property £	Plant and equipment £	Total £
Cost:			
Balance at 1 January 2013	441,811	45,912	487,723
Additions	-	1,442	1,442
Disposals	-	(1,300)	(1,300)
Balance at 31 December 2013	441,811	46,054	487,865
Additions	-	-	-
Disposals	-	-	-
Balance at 31 December 2014	441,811	46,054	487,865
Depreciation:			
As at 1 January 2013	-	(20,597)	(20,597)
Provided during the period	-	(9,211)	(9,211)
Release on disposal	-	780	780
Balance at 31 December 2013	-	(29,028)	(29,028)
Provided during the period	-	(8,965)	(8,965)
Balance at 31 December 2014	-	(37,993)	(37,993)
Revaluation			
As at 1 January 2013	(106,811)	-	(106,811)
Provided during the period	-	-	-
Balance at 31 December 2013	(106,811)	-	(106,811)
Provided during the period	25,000	-	25,000
Balance at 31 December 2014	(81,811)	-	(81,811)
Carrying amount:			
At 31 December 2014	360,000	8,061	368,061
At 31 December 2013	335,000	17,026	352,026

12 Investment property

	2014 £	2013 £
Cost		
Opening cost	826,423	826,423
Additions	-	-
Closing cost	826,423	826,423
Revaluation		
Opening	98,577	58,577
Revaluation for the year	25,000	40,000
Closing	123,577	98,577
Closing carrying value	950,000	925,000

EFR (Scotland) Limited

Notes to the financial statements (continued)

13 Fair value measurement

The company's assets have all been classified as Level 3 in accordance with the fair value hierarchy.

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There have been no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the year.

The following table shows the fair value measurements recognised in the statement of financial position:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Property	-	-	360,000	360,000
Investment property	-	-	950,000	950,000
As at 31 December 2014	-	-	1,310,000	1,310,000

The following table shows a reconciliation of all the movements in the fair value of financial instruments categorised within Level 3 during the year.

	Property	Investment property	Total
	£	£	£
As at 1 January 2013	335,000	885,000	1,220,000
Revaluation for the year	-	40,000	40,000
As at 31 December 2013	335,000	925,000	1,260,000
Revaluation for the year	25,000	25,000	50,000
As at 31 December 2014	360,000	950,000	1,310,000

The fair value of the company's assets has been arrived at on the basis of a valuation carried out at that date by independent valuers not connected with the group. The valuation conforms to International Valuation Standards. The valuation was determined as described in Note 2 of these financial statements. All valuations are categorised as being within Level 3 of the fair value hierarchy. In estimating the fair value of the assets it is considered that the highest and best use of the assets is their current use. There has been no change to the valuation technique during the year.

Quantitative information about fair value measurements using unobservable inputs

Property and Investment property - fair value from market transactions

Price Sensitivity

The following details the company's sensitivity to a 10% increase or decrease in the value of the company's assets, with 10% being the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of the possible changes in market prices.

EFR (Scotland) Limited

Notes to the financial statements (continued)

13 Fair value measurement (continued)

An increase or decrease of 10% higher or lower of the company's assets, with all the other variables held constant and before any adjustment to deferred taxes where necessary, would result in an increase or decrease to the net gain attributable to shareholders for the year of:

	Property £	Investment property £	Total £
Effect of 10% increase or decrease in assets			
At 31 December 2014	36,000	95,000	131,000
At 31 December 2013	33,500	92,500	126,000

14 Investment in subsidiary

Details of the company's subsidiary at 31 December 2014 are as follows:

Name	Place of registration and operation	Proportion of ownership interest %
Druim Ba Sustainable Energy Limited	Scotland	100
Fauch Hill Sustainable Energy Limited	Scotland	100

The investment in subsidiaries are stated at cost.

	2014 £	2013 £
Opening cost	4	4
Shares purchased during the year	-	-
Closing cost	4	4

The company has taken the exemption stated in section 400 of the Companies Act 2006 and is not obligated to prepare and deliver consolidated accounts for the company.

15 Trade and other receivables

	2014 £	2013 £
Trade receivables	2,468	635
Trade receivables due from group companies	-	1,723
Prepayments	3,554	4,088
	6,022	6,446

16 Cash and cash equivalents

	2014 £	2013 £
Cash at bank and in hand	34,118	658
	34,118	658

EFR (Scotland) Limited

Notes to the financial statements (continued)

17 Share capital

<i>Authorised</i> – ordinary shares of £1 each:	£
Balance at 1 January 2013	100,000
Balance at 31 December 2013 and 31 December 2014	100,000

<i>Issued and fully paid</i> – ordinary shares of £1 each:	£
Balance at 1 January 2013	2
Balance at 31 December 2013 and 31 December 2014	2

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.

18 Trade and other payables

	2014	2013
	£	£
Trade payables	9,088	2,771
Trade payables due to group companies	13,258	13,018
Loan payable to group company	1,748,673	1,791,424
Other trade payables and accrued expenses	15,684	11,732
	1,786,703	1,818,945

The company has signed a loan agreement with a related party, which expires in December 2017 and is callable by the lender at any time. Interest is charged at 6 months LIBOR plus 0.50%.

19 Financial instruments

The company's financial instruments comprise receivables, borrowings and payables that arise from its operations.

The company's activities expose it to credit risk, foreign exchange risk, interest rate risk and liquidity 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 31 December, the financial assets exposed to credit risk were as follows:

<i>Financial Assets</i>	2014	2013
	£	£
Trade and other receivables	6,022	6,446
Cash and cash equivalents	34,118	658
	40,140	7,104

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.

EFR (Scotland) Limited

Notes to the financial statements (continued)

19 Financial instruments (continued)

Foreign exchange risk

Changes in the exchange rate between the Euro and pound sterling can affect the financial results as the company receives financing in Euro. For example, a 1% increase / decrease in the value of the Euro against pound sterling would have an effect of approximately £17,314 (2013: £17,834) on the Statement of Comprehensive Income, before tax.

Interest rate risk

The company is exposed to interest rate risk on its borrowings from European Forest Resources (UK) S.à r.l. and changes in interest rates can affect the financial results of the company. For example, a 1% increase / decrease in interest rates would have an effect of approximately £17,487 (2013: £17,914) on the Statement of Comprehensive Income, before tax.

Liquidity risk

The company meets its day-to-day working capital requirements through financial support provided by European Forest Resources (UK) S.à r.l. The company has obtained a letter of support stating that European Forest Resource Holding S.à r.l. will provide additional financial support, if required, to enable the company to meet its obligations as they fall due, and continue as a going concern.

The following table details the company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has 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.

<i>Maturity analysis of financial liabilities</i>	Payable on demand £	Less than 3 months £	Total £
<i>31 December 2014</i>			
Trade payables	-	9,088	9,088
Amounts due to group companies	1,748,673	13,258	1,761,931
Other trade payables and accrued expenses	-	15,684	15,684
	1,748,673	38,030	1,786,703
<i>31 December 2013</i>			
Trade payables	-	2,771	2,771
Amounts due to group companies	1,791,424	13,018	1,804,442
Other trade payables and accrued expenses	-	11,732	11,732
	1,791,424	27,521	1,818,945

20 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 is in the same VAT group as Convector LLP, Druim Ba Sustainable Energy Limited, EFR Service Company Limited, European Forest Resources Acquisition Limited, European Forest Resources GP Limited and Fauch Hill Sustainable Energy Limited.

EFR (Scotland) Limited

Notes to the financial statements (continued)

20 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
Convactor LLP
Druim Ba Sustainable Energy Limited
EFR Service Company 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 (UK) S.à r.l.
European Forest Resources Acquisition Limited
European Forest Resources LP
European Forest Resources (Scotland) LP
European Forest Resources GP Limited
Fauch Hill Sustainable Energy 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 representing payments of administrative expenses made on behalf of the company, loans and interest and investment management fees are:

	2014	2013
	£	£
European Forest Resources (Scotland) LP	4,837	-
EFR Service Company Limited	7,965	1,030
European Forest Resources (UK) S.à r.l.	1,748,673	1,791,424
Convactor LLP	456	11,988
	<u>1,761,931</u>	<u>1,804,442</u>

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

	2014	2013
	£	£
Druim Ba Sustainable Energy Limited	-	10
European Forest Resources (Scotland) LP	-	1,702
Fauch Hill Sustainable Energy Limited	-	11
	<u>-</u>	<u>1,723</u>

21 Ultimate parent company and group financial statements

The ultimate parent undertaking 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 (EFRHL), incorporated in Guernsey. Kastanie Limited has the ability to appoint the majority of board members to EFRHL.

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.