

The Seventh Irish Forestry Fund  
Public Limited Company

Reports and Financial Statements  
for the financial year ended  
31 May 2015

**THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015**

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**THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY**

**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

Paul Brosnan MA B.Sc.  
Trevor McHugh BA B.S.

**COMPANY SECRETARY**

Paul Brosnan MA B.Sc.

**REGISTERED OFFICE**

Eblana House  
Eblana Avenue  
Dun Laoghaire  
Co. Dublin

**AUDITORS**

Deloitte  
Chartered Accountants  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2

**BANKERS**

Ulster Bank Ireland Limited  
Dun Laoghaire  
Co. Dublin

**SOLICITORS**

Lacy Walsh  
77 Strand Road  
Sandymount  
Dublin 4

**FOREST ASSET MANAGER**

I.F.S. Asset Managers Limited  
Eblana House  
Eblana Avenue  
Dun Laoghaire  
Co. Dublin

**FORESTRY CONSULTANTS**

Forest Enterprises Limited  
Chapel Hill  
Lucan  
Co. Dublin

# THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

## DIRECTORS' REPORT

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The directors present their annual report together with the audited financial statements for the financial year ended 31 May 2015.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Seventh Irish Forestry Fund Public Limited Company, launched in 2000, is a thirty year investment fund. The main activity of the company is to manage and maintain the woodlands and forestry assets of the company. All lands have been planted in accordance with the Fund's forestry management plan.

### FUTURE DEVELOPMENTS

As reported in prior years, the company's forest portfolio has reached a stage where infrastructural works are required on individual properties. This work programme encompasses a number of years and involves the creation of inspection paths, forest roads for harvesting purposes and related works. This positive step in the development of the forests marks the transition of the relevant properties into their productive stage as thinning activities take place following the timely creation of the necessary road infrastructure.

Funding for this work will have a combination of sources including: grant aid where available, the company's own resources and, where necessary, bank borrowings. As the primary objective of thinning is to create and develop additional value to the remaining forest crop, so it is the directors belief that it is critically important to have the road and related infrastructure built on time to ensure that thinning takes place on schedule.

The timber market data is showing strong demand both now and into the future for all stages of forestry output. In particular the directors identify such sectoral reports as the COFORD All Ireland Roundwood Demand Forecast 2011-2020, together with the annual review documents published by the Irish Forestry and Forestry Products Association. These various documents clearly demonstrate that wood fibre is in strong demand in Ireland due to strong exports from the sector and this is forecast to remain the case due to the relatively low domestic supply potential.

Separately, the directors are putting extensive work into developing the market for semi-mature forestry. As semi-mature forestry requires a more investment-focused outlook than that experienced in the sale of felled timber, so it is heavily affected by the current economic circumstances. Current indicators are that investment appetite generally is improving and, through the work of the directors and others, Ireland's forestry sector is gaining positive attention internationally. As this work continues the directors will continually assess the market place for opportunities for the company and its shareholders.

### RESULTS FOR THE FINANCIAL YEAR

	2015 €
Loss on ordinary activities before taxation	(15,234)
Taxation	-
Loss on ordinary activities after taxation	<u>(15,234)</u>

### DIVIDENDS

The directors do not recommend payment of a dividend in respect of the financial year ended 31 May 2015.

# THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

## DIRECTORS' REPORT (CONTINUED)

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### FORESTRY TIMBER GROWTH

Forestry timber growth occurring during the financial year has been valued at €162,539 (2014: €186,847) in accordance with standard forestry valuation technique of discounted cash flows with reference to current market valuations. Total standing timber at the balance sheet date is valued at €2,284,754 (2014: €2,122,215). The financial statements show the value of assets (land and forestry) at the time of purchase. These purchased forestry assets are carried at historical cost and as such the subsequent growth achieved in the forestry stock is not reflected within these financial statements. Due to the illiquidity of the market for mid-rotation forests, it is not deemed realistic to place a market value on the company's forestry assets so the directors deem the historical cost basis the most appropriate method of reporting on the company's assets.

The directors stress that the financial statements make no attempt to place a market valuation on the company's forest portfolio due to the illiquid nature of the market. The forest timber growth is a reflection of the continued growth in the company's forests which will only be fully realised when the forests reach full maturity. Any sale of the company's assets prior to full forest maturity will achieve a price that is reflective of the market for such forest properties at the time of sale.

### POST BALANCE SHEET EVENTS

After the year end, the trading activity of the Forest Asset Manager, I.F.S. Asset Managers Ltd, was transferred to Veon Ltd which acquired majority shareholding in the Forestry Consultants, Forest Enterprises Ltd, and the directors were appointed as directors of Veon Ltd and Forest Enterprises Ltd. The Directors will appoint an independent forest advisor to carry out a review of the forestry activities of the company and the process for making this appointment is underway. There have been no other significant events affecting the company since the financial year end.

### DIRECTORS AND SECRETARY

The directors, who served at any time during the financial year except as noted, were as follows:

**Directors:**

Paul Brosnan  
Trevor McHugh

**Secretary:**

Paul Brosnan

Under the Articles of Association the directors are not required to retire by rotation.

### INTEREST IN SHARE CAPITAL

The directors and secretary of the company, who held office at 1 June 2014 and at 31 May 2015 had the following interests in the preference shares of the company:

	Number of Shares held at	
	31 May 2015	1 June 2014
	No.	No.
Redeemable Preference shares of €1.269738 each, fully paid:		
Paul Brosnan	1	1
	=====	=====

The ordinary share capital of the company is held by I.F.S. Asset Managers Limited, which is controlled by the directors of the company.

## THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

### DIRECTORS' REPORT (CONTINUED)

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#### ACCOUNTING RECORDS

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at Eblana House, Eblana Avenue, Dun Laoghaire, Co. Dublin.

#### RISKS AND UNCERTAINTIES

The main risks associated with forestry investment include fire, wind damage, public liability, disease, the future market price of timber and semi-mature forestry and adverse changes to existing tax advantages or grants. The directors continue to mitigate and where appropriate under expert advice, insure against the risks faced by the company.

Where events arise which require replanting to occur, for example due to a fire or wind throw event, there is an impact on overall performance due to loss of the forest timber growth to date of event. Although the insurance in place covers both the actual value of the standing timber based on discounted cash flows at time of event and the associated replanting costs to reconstitute the forestry stock, there would remain an impact to overall forestry fund performance. Older mid rotation forests increase in value at a higher rate, due to larger circumference annual growth, while replanted forests take time to establish and have much smaller annual circumference growth until mid-rotation is attained.

#### AUDITORS

The auditors, Deloitte, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:

Paul Brosnan  
Director

Trevor McHugh  
Director

29 March 2016

## THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

### DIRECTORS' RESPONSIBILITIES STATEMENT

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The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Accounting Standards issued by the Financial Reporting Council, and promulgated by the Institute of Chartered Accountants in Ireland for financial periods beginning before 1 January 2015 ("relevant financial reporting framework"). 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 assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards framework, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY**

We have audited the financial statements of The Seventh Irish Forestry Fund Public Limited Company for the financial year ended 31 May 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 16. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and Accounting Standards issued by the Financial Reporting Council, and promulgated by the Institute of Chartered Accountants in Ireland for periods beginning before 1 January 2015 ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Reports and Financial Statements for the financial year ended 31 May 2015 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 the 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 assets, liabilities and financial position of the company as at 31 May 2015 and of the loss for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY**

**Matters on which we are required to report by the Companies Act 2014**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report 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 provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Gerard Fitzpatrick  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Audit Firm  
Dublin

29 March 2016

THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

PROFIT AND LOSS ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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	<i>Notes</i>	<b>2015</b> €	2014 €
<b>INCOME</b>	3	<b>40,557</b>	46,131
Administrative expenses		<b>(55,791)</b>	(56,052)
<b>OPERATING LOSS</b>		<b>(15,234)</b>	(9,921)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	<b>(15,234)</b>	(9,921)
Taxation charge	6	-	(13)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	13	<b>(15,234)</b>	(9,934)

There are no recognised gains or losses other than the loss arising from continuing operations disclosed in the profit and loss account. There are no movements in shareholders' funds other than the loss after taxation disclosed above.

THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

BALANCE SHEET AS AT 31 MAY 2015

	<i>Notes</i>	<b>2015</b> €	2014 €
<b>Fixed Assets</b>			
Tangible assets	7	<b>2,481,557</b>	2,481,557
<b>Current Assets</b>			
Debtors	9	<b>20,711</b>	16,616
Cash at bank and in hand		<b>3,643</b>	-
		<b>24,354</b>	16,616
<b>Creditors: Amounts falling due within one year</b>	10	<b>(139,321)</b>	(116,349)
<b>Net current liabilities</b>		<b>(114,967)</b>	(99,733)
<b>Total assets less current liabilities</b>		<b>2,366,590</b>	2,381,824
<b>Deferred credits</b>	11	<b>(561,991)</b>	(561,991)
<b>NET ASSETS</b>		<b>1,804,599</b>	1,819,833
<b>Capital and reserves</b>			
Called up share capital presented as equity	12	<b>12,784</b>	12,784
Share premium account	13	<b>1,482,238</b>	1,482,238
Profit and loss account	13	<b>309,577</b>	324,811
<b>SHAREHOLDERS' FUNDS</b>	14	<b>1,804,599</b>	1,819,833

The financial statements were approved and authorised for issue by the Board of Directors on 29 March 2016 and signed on its behalf by:

Paul Brosnan  
Director

Trevor McHugh  
Director

THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

	2015 €	2014 €
<b>Reconciliation of operating loss to net cash inflow/(outflow) from operating activities</b>		
Operating loss	(15,234)	(9,921)
Increase in debtors	(4,095)	(5,403)
Increase in creditors	27,920	7,333
<b>Net cash inflow/(outflow) from operating activities</b>	<u>8,591</u>	<u>(7,991)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>8,591</b>	<b>(7,991)</b>
<b>Taxation</b>		
Corporation tax paid	-	12
<b>Increase/(decrease) in cash in the financial year</b>	<u>8,591</u>	<u>(7,979)</u>
<b>Reconciliation of net cash flow to movement in net funds/(debt)</b>		
Increase/(decrease) in cash in the financial year	8,591	(7,979)
Net (debt)/funds at 1 June 2014	(4,948)	3,031
<b>Net funds/(debt) at 31 May 2015</b>	<u>3,643</u>	<u>(4,948)</u>

**1. ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements have been prepared in accordance with the Companies Act 2014 and Accounting Standards issued by the Financial Reporting Council, and promulgated by the Institute of Chartered Accountants in Ireland for financial periods beginning before 1 January 2015.

**Accounting Convention**

The financial statements are prepared under the historical cost convention.

**Revenue Recognition**

Premia income receivable under Irish Government grant schemes is credited to the profit and loss account when receivable.

Revenue from the sale of timber is recognised when a contract is signed and when standing timber is being removed.

**Tangible Assets**

Tangible assets represent land and forestry costs. Land costs comprise land purchase price, stamp duty, legal and professional costs, together with forest management consultancy fees incurred in the twelve month period from date of purchase of individual sites. Forestry costs comprise afforestation costs which are fully grant aided, together with enhancement costs where appropriate.

The impact of the windthrow events takes into account the proportionate cost of the standing value of the timber that was damaged or destroyed as a result of a windthrow event, the reconstitution costs together with any insurance proceeds received or receivable relating to the event. The resulting gain or loss is taken to the profit and loss account.

Land and forestry costs are not depreciated.

**Grants**

Capital grants receivable under Irish Government grant schemes are recognised when received or when their receipt can be foreseen with virtual certainty.

Forest grants in respect of afforestation costs which have been capitalised, are treated as deferred income and will be released to the profit and loss account when the related forests are clear felled.

**Forest Timber Growth**

Forest timber growth is not recognised in the financial statements.

**Taxation**

The charge for taxation is based on the result for the financial year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at the balance sheet date that might result in an obligation to pay more, or a right to pay less tax in the future. Deferred tax assets are recognised if it is regarded as more likely than not that they will be recovered.

THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

The company incurred a loss of €15,234 (2014: €9,934) in the financial year and has net current liabilities at the balance sheet date of €114,967 (2014: €99,733). The company's largest creditor, I.F.S. Asset Managers Limited was owed €123,995 (2014: €94,957) in respect of forestry management services. I.F.S. Asset Managers Limited has indicated that they have always recognised that, due to the nature of the company's activities, revenues are periodic, and therefore they will not require payment of outstanding debts until such time as the company is in a position to do so. I.F.S. Asset Managers Limited recognises and accepts that this period may be in excess of 12 months. This will enable the company to meet its other financial obligations as they fall due. The directors are therefore satisfied as to the appropriateness of the going concern basis of accounting.

The financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities, which would result if the company was unable to continue as a going concern.

3. INCOME	2015 €	2014 €
Premia income	<b>40,557</b>	46,131

Premia income is receivable on an annual basis for the first fifteen years, from date of planting, based on the species planted.

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2015 €	2014 €
Loss on ordinary activities before taxation is stated after charging:		
Management charges for ongoing administration/management/valuation	<b>43,157</b>	44,577
Directors' remuneration	-	-
Auditors' remuneration	<b>2,885</b>	2,885
Auditors' remuneration disclosure (excluding Value Added Tax) is stated after charging:		
- Audit	<b>2,885</b>	2,885
- Tax advisory services	<b>1,100</b>	1,100
- Other assurance services	-	-
- Other non-audit services	-	-

THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

5. EMPLOYEES AND REMUNERATION

There were no employees during the financial year.

6. TAX ON LOSS ON ORDINARY ACTIVITIES

2015  
€

2014  
€

(a) Analysis of the tax charge for the financial year:

The tax charge on the loss on ordinary activities for the financial year was as follows:

Corporation tax on the loss for the financial year	-	-
Underprovision in previous financial year	-	13
	<u>-</u>	<u>13</u>
	<u><u>-</u></u>	<u><u>13</u></u>

(b) Factors affecting the tax charge for the financial year:

The tax assessed for the financial year differs from the standard rate of corporation tax in Ireland (12.5%). The differences are explained below:

	2015 €	2014 €
Loss on ordinary activities before taxation	<u>(15,234)</u>	<u>(9,921)</u>
Loss on ordinary activities multiplied by standard rate of tax in Ireland of 12.5% (2014 :12.5%)	(1,904)	(1,240)
<b>Effects of:</b>		
Profit from operation of woodlands not subject to corporation tax	1,904	1,240
<b>Current tax charge for the financial year</b>	<u><u>-</u></u>	<u><u>-</u></u>

(c) Factors that may affect future tax charges

Based on current taxation legislation no corporation tax or deferred tax arises on the operating profit, because of the exemption of profits from the occupation of woodlands from corporation tax.

THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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7. TANGIBLE ASSETS

	Land and Forestry €
<b>Cost</b>	
At 1 June 2014 and at 31 May 2015	2,481,557
<b>Net book values</b>	<u>2,481,557</u>
At 31 May 2015	<u>2,481,557</u>
At 31 May 2014	<u>2,481,557</u>

At 31 May 2015, land and forestry comprise land costs €1,919,566 (2014: €1,919,566), and afforestation costs €561,991 (2014: €561,991).

**In respect of prior financial year:**

	Land and Forestry €
<b>Cost</b>	
At 1 June 2013 and at 31 May 2014	2,481,557
<b>Net book values</b>	<u>2,481,557</u>
At 31 May 2014	<u>2,481,557</u>
At 31 May 2013	<u>2,481,557</u>

At 31 May 2014, land and forestry comprise land costs €1,919,566 (2013: €1,919,566), and afforestation costs €561,991 (2013: €561,991).



THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

**8. FORESTRY TIMBER GROWTH**

Forestry timber growth occurring during the financial year has been valued at €162,539 (2014: €186,847) in accordance with standard forestry valuation technique of discounted cash flows with reference to current market valuations. Total standing timber at the balance sheet date is valued at €2,284,754 (2014: €2,122,215). The financial statements show the value of assets (land and forestry) at the time of purchase. These purchased forestry assets are carried at historical cost and as such the subsequent growth achieved in the forestry stock is not reflected within these financial statements. Due to the illiquidity of the market for mid-rotation forests, it is not deemed realistic to place a market value on the company's forestry assets so the directors deem the historical cost basis the most appropriate method of reporting on the company's assets.

The directors stress that the financial statements make no attempt to place a market valuation on the company's forest portfolio due to the illiquid nature of the market. The forest timber growth is a reflection of the continued growth in the company's forests which will only be fully realised when the forests reach full maturity. Any sale of the company's assets prior to full forest maturity will achieve a price that is reflective of the market for such forest properties at the time of sale.

<b>9. DEBTORS:</b> Amounts falling due within one year	<b>2015</b>	2014
	€	€
Trade debtors – premia income	<b>18,326</b>	12,179
VAT	<b>253</b>	136
Prepayments and other debtors	<b>2,132</b>	4,301
	<u><b>20,711</b></u>	<u>16,616</u>

<b>10. CREDITORS:</b> Amounts falling due within one year	<b>2015</b>	2014
	€	€
Bank overdraft	-	4,948
Trade creditors and accruals	<b>139,321</b>	111,401
	<u><b>139,321</b></u>	<u>116,349</u>

THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

11. DEFERRED CREDITS	2015 €	2014 €
Capital (Forestry) Grant:		
At 1 June 2014	561,991	561,991
Addition	-	-
<b>At 31 May 2015</b>	<b>561,991</b>	<b>561,991</b>

Forestry grants in respect of afforestation costs have been capitalised and treated as deferred credits. They will be realised to the profit and loss account when the related forests are clearfelled.

Capital (Forestry) grants may be refundable in certain circumstances set out in the grant agreements.

12. SHARE CAPITAL	2015 €	2014 €
<b>Authorised:</b>		
30,000 Ordinary shares of €1.269738 each	38,092	38,092
3,000 Redeemable Preference shares of €1.269738 each	3,809	3,809
	<b>41,901</b>	<b>41,901</b>
<b>Allotted, called-up and paid:</b>		
30,000 Ordinary shares of €1.269738 each, (€0.317435 paid)	9,523	9,523
2,568 Redeemable Preference shares of €1.269738 each, fully paid	3,261	3,261
	<b>12,784</b>	<b>12,784</b>
<b>Unpaid:</b>		
30,000 Ordinary shares of €1.269738 each, (€0.952303 unpaid)	28,569	28,569
<b>Presented as follows:</b>		
Called up share capital presented as equity	<b>12,784</b>	<b>12,784</b>

THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

12. SHARE CAPITAL (CONTINUED)

The redeemable preference shareholders do not have any right to attend or vote at Annual General Meetings.

The redeemable preference shares are the only shares entitled to participate in the growth of the forest investment and, as such, will be the only shares to rank for dividend and to participate in the distribution of any surplus arising when the forests are sold.

The company shall redeem the redeemable preference shares when the directors consider that it is in the best interest of the redeemable preference shareholders to do so. It is the intention of the company that the forests will be sold and all dividends paid thirty years after the establishment of the Fund at which time the redeemable share capital will be repaid.

Only ordinary shareholders have any voting rights and are entitled to attend and vote at Annual General Meetings.

Ordinary shares do not rank for dividend and will not participate in the final distribution of any surplus arising when the forests are sold.

Ordinary share capital is repayable at par when the forests are sold and the preference share capital is repaid.

13. RESERVES

	Share premium €	Profit and loss €	Total €
At 1 June 2014	1,482,238	324,811	1,807,049
Loss for the financial year attributable to equity shareholders	-	(15,234)	(15,234)
<b>At 31 May 2015</b>	<b>1,482,238</b>	<b>309,577</b>	<b>1,791,815</b>

In respect of prior financial year:

	Share premium €	Profit and loss €	Total €
At 1 June 2013	1,482,238	334,745	1,816,983
Loss for the financial year attributable to equity shareholders	-	(9,934)	(9,934)
At 31 May 2014	1,482,238	324,811	1,807,049

## THE SEVENTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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14. SHAREHOLDERS' FUNDS	2015 €	2014 €
Reconciliation of movements in shareholders' funds:		
Loss for the year	(15,234)	(9,934)
Opening shareholders' funds	1,819,833	1,829,767
Closing shareholders' funds	<u>1,804,599</u>	<u>1,819,833</u>

### 15. RELATED PARTY TRANSACTIONS

The directors of the company are also directors of I.F.S. Asset Managers Limited with which the company had the following transactions during the financial year:

1. €33,361 (2014: €33,237) was charged to the company by I.F.S. Asset Managers Limited as forestry management services. €123,995 (2014: €94,957) is due to I.F.S. Asset Managers Limited at 31 May 2015 for forestry management services.
2. €2,290 (2014: €2,290) was charged to the company by I.F.S. Asset Managers Limited for reimbursement for design, print, postage and stationery costs. €2,290 (2014: €4,580) is due to I.F.S. Asset Managers Limited at 31 May 2015.

### 16. POST BALANCE SHEET EVENTS

After the year end, the trading activity of the Forest Asset Manager, I.F.S. Asset Managers Ltd, was transferred to Veon Ltd which acquired majority shareholding in the Forestry Consultants, Forest Enterprises Ltd, and the directors were appointed as directors of Veon Ltd and Forest Enterprises Ltd. The Directors will appoint an independent forest advisor to carry out a review of the forestry activities of the company and the process for making this appointment is underway. There have been no other significant events affecting the company since the financial year end.