The Seventh Forestry Growth Plan Public Limited Company

Reports and Financial Statements for the financial year ended 31 December 2017

CONTENTS

DIRECTORS AND OTHER INFORMATION

DIRECTORS	Paul Brosnan MA BSc. Trevor McHugh BA B.S.
COMPANY SECRETARY	Paul Brosnan MA BSc.
REGISTERED OFFICE	Unit 1, Block D Leopardstown Business Centre Ballyogan Road Dublin 18
AUDITORS	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2
BANKERS	Ulster Bank Ireland Limited 27/35 Main Street Blackrock Co. Dublin Allied Irish Banks plc 9 Terenure Road East Rathgar Dublin 6
SOLICITORS	Lacy Walsh 26 Fitzwilliam Square Dublin 2 D02 RR80
FOREST ASSET MANAGERS	Veon Limited Unit 1 Leopardstown Business Centre Ballyogan Road Dublin 18
FORESTRY CONSULTANTS	Forest Enterprises Limited Unit 1 Leopardstown Business Centre Ballyogan Road Dublin 18
COMPANY REGISTRATION NUMBER	469729

The directors present their annual report together with the audited financial statements for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Seventh Forestry Growth Plan Public Limited Company was incorporated on 16 April 2009 for a twelve financial year investment period, for the purpose of raising funds from the public to invest in semi-mature woodlands. 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 Company's Forestry Management Plan.

As forest premia receivable from younger forestry properties will not be sufficient to cover management and other essential costs, a sinking fund equivalent to 5% of net funds raised was held in cash at commencement, as set out in the offering document of 27 April 2009, to cover the costs of general expenses for the years until thinning income becomes available. All woodlands were being acquired in line with the Forest Management Plan which was designed in congruence with the financial projections for the company.

During the year the company formalised a granting of easement entered into with a neighbour to facilitate services running through the forestry plantation to assist their business. This achieved a once off sum of €50,000 of easement income for the company with no negative impact to the forestry plantation. The easement income is included under interest receivable and similar income.

FUTURE DEVELOPMENTS

As reported in prior financial 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.

As reported in prior years, the timber market data is showing strong demand both now and into the future for all forest products. Currently available forecasts continue to demonstrate that wood fibre is in strong demand in Ireland and that this is set to continue for the foreseeable future. While Ireland is forecast to reach peak production of forest products in the mid-2030s, there is a dramatic fall in forecasted domestic supply over the subsequent decade. Of note is that the UK is also scheduled to have a shortage of supply of wood fibre over a similar period. This represents a significant market opportunity for forest owners who may be in a position to grow their forests through the years of peak production on supply into a more restricted market during those following years.

The directors continue to put extensive work into developing the market for semi-mature forestry. Their efforts have played an important role in there now being a significant increase in interest in the Irish forestry sector among the international community. This resulted in the directors successfully completing the largest transaction in private forestry in Ireland in 2015. The activity represents essential foreign direct investment into the forestry sector and is welcomed by the directors.

The outcome of the UK's proposed withdrawal from the European Union is a matter that the directors are monitoring closely. Until the UK ratifies its withdrawal agreement and its implications are properly understood and the UK's future relationship with the EU becomes apparent, the directors cannot comment with any confidence on what the outcome may be for the Irish forestry sector. Nonetheless, the directors will continue to work with their colleagues and counterparts in the sector and report to shareholders as the situation develops over time on the medium-term effects that Brexit will have on the forestry sector and, by extension, the company.

FUTURE DEVELOPMENTS (continued)

The directors are cognisant of the increasingly volatile economic cycles we have experienced over the past decade and remain alert to other current macro-economic issues, especially the risks associated with maturing illiquid forestry funds in an economic downturn or in an uncertain economic climate. With this in mind, the directors will monitor and investigate various strategic initiatives, including early disposal and maturity, for the benefit of the Preference Shareholders. The directors will therefore employ strategic flexibility to maximise and safeguard shareholder value and to minimise these risks.

RESULTS FOR THE FINANCIAL YEAR

	2017
	€
Profit on ordinary activities before taxation	**25,021**
Taxation	**(10,969)**
Profit on ordinary activities after taxation	**14,052**

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

POST BALANCE SHEET EVENTS

There have been no 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 beneficial interests of the redeemable preference shares, including the interests of spouses and minor children, of the directors and secretary in office at 1 January 2017 and 31 December 2017 in the redeemable preference share capital of the company are less than 1% of the total redeemable preference share capital of the company.

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.

POLITICAL CONTRIBUTIONS

There were no political contributions made during the financial year (2016: €Nil).

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 Unit 1, Block D, Leopardstown Business Centre, Ballyogan Road, Dublin 18.

RISKS AND UNCERTAINTIES

The UK's decision to end their membership of the European Union has created a new market risk uncertainty for the company. As yet, the UK have not concluded formal negotiations with the EU on what trade deals will exist following their full exit from the EU. Until these negotiations commence it is not possible to say with any degree of confidence what effect this development will have on the company. The British market is a very important destination for processed Irish timber and so the UK's exit from the EU creates a new uncertainty for the company.

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 windthrow 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 Ireland LLP, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

DISCLOSURE OF INFORMATION TO AUDITORS:

So far as each of the directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDIT COMMITTEE

The company has not established an audit committee as the directors believe that due to the nature of the forestry assets under management, the illiquid nature of these assets and the consequent low level of transactions which occur annually that the activities that would be undertaken by an Audit Committee are adequately covered at meetings of the full board.

DIRECTORS' COMPLIANCE STATEMENT

- Directors acknowledge that the directors are responsible for securing the company's compliance with its relevant obligations; and
- Directors confirm that the directors completed the following three procedures in order to comply with the directors' obligations during the financial year.

  (a) the drawing up of a "compliance policy statement" setting out the company's policies that, in the directors' opinion, are appropriate to the company, and respecting compliance by the company with its relevant obligations;

  (b) the putting in place of appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the company's relevant obligations; and

  (c) the conducting of a review, during the financial year of any arrangements or structures that have been put in place.

Approved by the Board and signed on its behalf by:

Paul Brosnan
Director

Trevor McHugh
Director

Date: 30 November 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council* ("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, 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 auditor's report to the members of
The Seventh Forestry Growth Plan Public Limited Company

Report on the audit of the financial statements

Opinion on the financial statements of The Seventh Forestry Growth Plan Public Limited Company (the 'company')

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 December 2017 and of the profit 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.

The financial statements we have audited comprise:

- the Statement of Income and Retained Earnings;
- the Balance Sheet;
- the Statement of Cash Flows; and
- the related notes 1 to 15, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, 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

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements for the financial year ended 31 December 2017, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent auditor's report to the members of
The Seventh Forestry Growth Plan Public Limited Company

Other information (continued)

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Responsibilities of directors

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, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (Ireland) 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 these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor’s report to the members of
The Seventh Forestry Growth Plan Public Limited Company

Auditor’s responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

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 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.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- 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 and the directors’ report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

30 November 2018

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** **€**	2016 €
INCOME	*3*	**18,771**	10,587
Administrative expenses		**(43,951)**	(38,512)
OPERATING LOSS		**(25,180)**	(27,925)
Interest receivable and similar income	*4*	**50,201**	11,528
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	*5*	**25,021**	(16,397)
Taxation charge	*7*	**(10,969)**	(2,882)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		**14,052**	(19,279)
Retained deficit at the beginning of the reporting period		**(74,571)**	(55,292)
Retained deficit at the end of the reporting period		**(60,519)**	(74,571)

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	**2017** **€**	2016 €
Fixed Assets			
Tangible assets	*8*	**1,861,770**	1,839,100
Current Assets			
Debtors	*9*	**3,370**	4,071
Cash at bank and in hand		**62,674**	38,248
		66,044	42,319
Creditors: Amounts falling due within one year	*10*	**(39,534)**	(7,550)
Net current assets		**26,510**	34,769
Total assets less current liabilities		**1,888,280**	1,873,869
Creditors: Amounts falling due after more than one year	*11*	**(60,771)**	(60,412)
NET ASSETS		**1,827,509**	1,813,457
Capital and reserves			
Called up share capital presented as equity	*12*	**12,667**	12,667
Share premium account		**1,875,361**	1,875,361
Retained deficit		**(60,519)**	(74,571)
SHAREHOLDERS' FUNDS		**1,827,509**	1,813,457

The financial statements were approved and authorised for issue by the Board of Directors on 30 November 2018 and signed on its behalf by:

Paul Brosnan	Trevor McHugh
Director	Director

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017 €	2016 €
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	**(25,180)**	(27,925)
Decrease/(increase) in debtors	**701**	(2,593)
Increase/(decrease) in creditors	**23,515**	(835)
Corporation tax paid	**(2,500)**	(32)
Net cash outflow from operating activities	**(3,464)**	(31,385)
Cash flow from investing activities		
Interest and similar income received	**50,201**	11,528
Capital grants	**359**	1,050
Payments to acquire tangible fixed assets	**(22,670)**	-
Net cash flow from investing activities	**27,890**	(12,578)
Cash flow from financing activities		
Net cash flow from financing activities	**-**	-
Net increase/(decrease) in cash and cash equivalents in the financial year	**24,426**	(18,807)
Cash and cash equivalents at beginning of financial year	**38,248**	57,055
Cash and cash equivalents at end of financial year	**62,674**	38,248

1. ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows:

General Information and Basis of Accounting

The Seventh Forestry Growth Plan Public Limited Company is a public limited company incorporated in Ireland under the Companies Act 2014. The company registration number is 469729 and its address of the registered office is Unit 1, Leopardstown Business Centre, Ballyogan Road, Dublin 18. The nature of the company's operations and its principal activities are set out in the directors' report on pages 3 to 6.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be Euro because that is the currency of the primary economic environment in which the company operates.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue Recognition

Premia income receivable under Irish Government grant schemes is credited to the statement of income and retained earnings when receivable.

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

Tangible Assets

Tangible assets represent land and forestry costs and stated at cost. 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 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 statement of income and retained earnings.

Land and forestry costs are not depreciated.

1. ACCOUNTING POLICIES (CONTINUED)

Grants

Capital grants received and 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 statement of income and retained earnings when the related forests are clear felled.

Forest Timber Growth

Forest timber growth post acquisition is not recognised in the financial statements.

Taxation and Deferred Taxation

Current tax, including Irish corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and liabilities are only offset in the balance sheet when and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Balances that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Impairment of Assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced to below its carrying amount. The recoverable amount of land and forestry is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the accounting policies and the notes to the financial statements.

3. INCOME

Premia income is receivable on an annual basis for the first 15 years, from date of planting, based on the land category and species planted.

	2017	2016
	€	€
Premia income	**2,296**	4,599
Harvesting income	**16,475**	5,988
	18,771	10,587

Land acquired within The Seventh Forestry Growth Plan Public Limited Company comprises primarily semi-mature woodlands. Premia income may not be sufficient to cover management and other essential costs. Cashflow to fund general expenses and costs will emanate from the sinking fund as outlined in the Offering Document dated 27 April 2009 until thinning revenues become available. All woodlands are being acquired in line with the Forest Management Plan which has been designed in congruence with the financial projections for the company.

Income is primarily derived from its principal activity undertaken in Ireland.

4. INTEREST AND SIMILAR INCOME RECEIVABLE

	2017	2016
	€	€
Deposit interest receivable	**1**	15
Hunting licence	**200**	150
Easement option income	**-**	11,363
Easement grant income	**50,000**	-
	50,201	11,528

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2017	2016
	€	€
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Forestry management service for ongoing administration/ management	**25,125**	27,614
Harvesting oversight	**5,334**	1,590
Directors' remuneration	**-**	-
Auditor's remuneration	**3,185**	3,385

Auditor's remuneration including outlay (net of Value Added Tax)

	2017	2016
- Audit of individual company financial statements	**3,185**	3,385
- Tax advisory services	**1,100**	1,100
- Other assurance services	**-**	-
- Other non-audit services	**-**	-

6. EMPLOYEES AND REMUNERATION

There were no employees during the current and previous financial years.

7. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

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

	2017	2016
	€	€
The tax charge on the profit/(loss) on ordinary activities for the financial year was as follows:-		
Corporation tax charge on the profit/(loss) for the financial year	**12,550**	2,882
Overprovision in previous year	**(1,581)**	-
	10,969	2,882

7. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting the tax charge for the financial year:
The tax assessed for the financial year is higher than the standard rate of corporation tax in Ireland (12.5%). The differences are explained below:

	2017	2016
	€	€
Profit/(loss) on ordinary activities before taxation	**25,021**	(16,397)
Profit/(loss) on ordinary activities multiplied by standard rate of tax in Ireland of 12.5%	**3,128**	(2,050)
Effects of:		
Loss from operation of woodlands not subject to corporation tax	**3,147**	3,491
Interest and other income subject to a rate of tax higher than the standard rate of tax	**6,275**	1,441
Overprovision in previous year	**(1,581)**	-
Tax charge for the current financial year	**10,969**	2,882

(c) Factors that may affect future tax charges
Based on current taxation legislation no corporation tax or deferred tax arises on the operating loss, because of the exemption of loss from the occupation of woodlands from corporation tax.

8. TANGIBLE ASSETS

	Land and Forestry
	€
Cost:	
At 1 January 2017	1,839,100
Additions	22,670
At 31 December 2017	**1,861,770**
Net book values:	
At 31 December 2017	**1,861,770**
At 31 December 2016	1,839,100

At 31 December 2017, land and forestry comprise land costs €1,794,999 (2016: €1,778,688) and afforestation costs €66,771 (2016: €60,412).

9. DEBTORS: (Amounts falling due within one year)

	2017	2016
	€	€
Prepayments	**798**	625
Other debtors	**-**	3,167
VAT	**2,572**	279
	3,370	4,071

10. CREDITORS: (Amounts falling due within one year)

	2017	2016
	€	€
Creditors and accruals	**28,275**	4,760
Corporation tax	**11,259**	2,790
	39,534	7,550

11. CREDITORS: (Amounts falling due after more than one year)

	2017	2016
	€	€
Deferral Credits:		
Capital Forestry Grant:		
At 1 January	**60,412**	59,362
Increase in financial year	**359**	1,050
At 31 December	**60,771**	60,412

Forestry grants in respect of afforestation costs have been capitalised and treated as deferred creditors. They will be released to the income statement when the related forests are clearfelled.

Capital forestry grants may be refundable in certain circumstances set out in the grant agreements.

12. CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	2017	2016
	€	€
Authorised:		
40,000 Ordinary shares of €1 each	**40,000**	40,000
2,667 Redeemable preference shares of €1 each	**2,667**	2,667
	42,667	42,667

	2017	2016
	€	€
Allotted, called-up and paid:		
40,000 Ordinary shares of €1 each (€0.25 paid)	**10,000**	10,000
2,667 Redeemable preference shares of €1 each fully paid	**2,667**	2,667
	12,667	12,667
Unpaid:		
40,000 Ordinary shares of €1 each (€0.75 unpaid)	**30,000**	30,000
Presented as follows:		
Called up share capital presented as equity	**12,667**	12,667

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 twelve years after the establishment of the company at which time the preference 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.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The retained deficit represents cumulative losses.

13. FINANCIAL INSTRUMENTS

The carrying values of the company's financial assets and liabilities are summarised by category below:

	2017	2016
	€	€
Financial assets		
Measured at undiscounted amount receivable		
• Other debtors	**-**	3,167
Financial liabilities		
Measured at undiscounted amount payable		
• Trade and other creditors	**28,275**	4,760

14. RELATED PARTY TRANSACTIONS

The directors of the company are also directors of Veon Limited and Forest Enterprises Limited. The company had the following transactions with these companies during the financial year:

1. Forestry management service fees of €19,003 (2016: €19,003) were charged by Veon Limited during the financial year. €1,584 (2016: €3,167 payable by Veon Limited) was due to Veon Limited at the financial year end.

2. Reimbursement for design, print, postage and stationery costs of €998 (2016: €795) was charged by Veon Limited during the financial year. €Nil (2016: €795) was due to Veon Limited at the financial year end.

3. Forestry management service fees of €11,456 (2016: €8,611) and road work costs of €21,060 (2016: €Nil) were charged by Forest Enterprises Limited during the financial year. €22,726 (2016: €Nil) was due to Forest Enterprises Limited at the financial year end.

4. The total remuneration for key management personnel cost for the financial year amounted to €Nil (2016: €Nil).

15. POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the financial year end.