
SHEPPY INDUSTRIES LIMITED

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2006

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SHEPPY INDUSTRIES LIMITED

**INDEPENDENT AUDITORS' REPORT TO SHEPPY INDUSTRIES LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts of Sheppy Industries Limited for the year ended 31 May 2006 set out on pages 2 to 6, together with the financial statements of the company for the year ended 31 May 2006 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

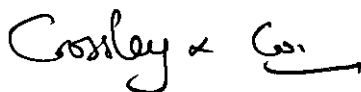
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 6 have been properly prepared in accordance with those provisions.



Chartered Accountants
Registered Auditors

The Precinct
Cathedral Close
Rochester
Kent
ME1 1SZ

Date: 11th January 2007.

SHEPPY INDUSTRIES LIMITED

**ABBREVIATED BALANCE SHEET
AS AT 31 MAY 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible fixed assets	2	3,648,350	3,649,345
Fixed asset investments	3	243,000	243,000
		<u>3,891,350</u>	<u>3,892,345</u>
CURRENT ASSETS			
Debtors		302,372	198,192
Cash at bank		-	195,672
		<u>302,372</u>	<u>393,864</u>
CREDITORS: amounts falling due within one year		<u>(486,021)</u>	<u>(481,899)</u>
NET CURRENT LIABILITIES		<u>(183,649)</u>	<u>(88,035)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,707,701</u>	<u>3,804,310</u>
CREDITORS: amounts falling due after more than one year		(972,656)	(1,082,497)
PROVISIONS FOR LIABILITIES			
Deferred tax		(87,443)	(81,968)
NET ASSETS		<u>2,647,602</u>	<u>2,639,845</u>
CAPITAL AND RESERVES			
Called up share capital	4	97,200	97,200
Share premium account		218,700	218,700
Profit and loss account		2,331,702	2,323,945
SHAREHOLDERS' FUNDS		<u>2,647,602</u>	<u>2,639,845</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved and authorised for issue by the board and were signed on its behalf on 23rd November 2006

Director



The notes on pages 3 to 6 form part of these financial statements.

SHEPPY INDUSTRIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MAY 2006

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.3 Investments

- (i) **Subsidiary Undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provisions for their impairment.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	straight line over 50 years
Improvements	-	straight line over 50 years
Plant and Machinery	-	25% reducing balance
Other fixed assets	-	0

In accordance with FRSSE 5.37, no depreciation or amortisation is provided in respect of *investment properties*. This departure from the requirements of the Companies Act 1985 is, in the opinion of the Directors, necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards, as properties are included in the financial statements at their open market value.

The effect of depreciation or amortisation on value is already reflected annually in the valuation of properties, and the amount attributed to this factor by the valuers cannot reasonably be separately identified or quantified.

SHEPPY INDUSTRIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MAY 2006

1. ACCOUNTING POLICIES *(continued)*

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

2. TANGIBLE FIXED ASSETS

	£
Cost	
At 1 June 2005 and 31 May 2006	<u>3,695,030</u>
Depreciation	
At 1 June 2005	45,685
Charge for the year	995
	<u>46,680</u>
At 31 May 2006	
Net book value	
At 31 May 2006	<u>3,648,350</u>
At 31 May 2005	<u>3,649,345</u>

Included in land and buildings is freehold land at cost of £29,751 (2005 - £29,751) which is not depreciated.

Included in fixed assets above are assets secured by legal mortgage. The value of these assets at 31 May 2006 was £1,832,836 (2005 - £1,832,836).

SHEPPY INDUSTRIES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2006**

3. FIXED ASSET INVESTMENTS

	£
Cost or valuation	
At 1 June 2005 and 31 May 2006	<u><u>243,000</u></u>

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Montash Properties Limited	100%
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The aggregate of the share capital and reserves as at 31 May 2006 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Montash Properties Limited	<u><u>341,549</u></u>	<u><u>(122,457)</u></u>

Listed investments

The market value of the listed investments at 31 May 2006 was £NIL (2005 - £NIL).

4. SHARE CAPITAL

	2006 £	2005 £
Authorised		
10,000 Ordinary shares of £10 each	<u><u>100,000</u></u>	<u><u>100,000</u></u>
Allotted, called up and fully paid		
9,720 Ordinary shares of £10 each	<u><u>97,200</u></u>	<u><u>97,200</u></u>

SHEPPY INDUSTRIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MAY 2006

5. RELATED PARTY TRANSACTIONS

Sheppy Limited - ultimate parent company

Sheppy Limited incurred expenses of £59,840 (2005 - £114,656) on behalf of Sheppy Industries Limited.

A loan of £206,500 (2005 - £226,500) was made to Sheppy Limited.

Sheppy Industries Limited incurred expenses on behalf of Sheppy Limited of £17,292.

The Montash Properties Limited loan of £189,871 (2005 - £15,176) was consolidated through Sheppy Limited.

A dividend of £184,286 (2005 - £184,286) was paid to Sheppy Limited via its parent company Matahari 306 Limited.

The Sheppy Fertilisers Limited Executive Pension Scheme loan balance of £Nil (2005 - £133,751) was transferred to Sheppy Industries Limited

As at 31 May 2006 £230,354 (2005 - £143,470) was due from Sheppy Limited.

Montash Properties Limited - a subsidiary

Funds of £Nil (2005 - £200,000) were received from Montash Properties Limited.

Expenses of £90,445 (2005 - £1,886) were incurred by Montash Properties Limited on behalf of Sheppy Industries Limited.

Expenses of £19,721 (2005 - £64,526) were incurred by Sheppy Industries Limited on behalf of Montash Properties Limited.

The Montash Properties Limited loan of £189,871 (2005 - £15,176) was consolidated through Sheppy Limited.

Redemption costs of £217,925 (2005 - £119,268) were reallocated to Montash Properties Limited.

As At 31 May 2006, £Nil (2005 - £Nil) was due from Montash Properties Limited, as all intercompany loans were consolidated through Sheppy Limited.