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APOL SILVA & ORCHARDS LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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APOL SILVA & ORCHARDS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2006**

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APOL SILVA & ORCHARDS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2006**

DIRECTORS:

A W O'Leary
P R O'Leary

SECRETARY:

P R O'Leary

REGISTERED OFFICE:

24 High Street
Saffron Walden
Essex
CB10 1AX

REGISTERED NUMBER:

03066977 (England and Wales)

AUDITORS:

THP Limited
Chartered Accountants
and Registered Auditors
34-40 High Street
Wanstead
London
E11 2RJ

APOL SILVA & ORCHARDS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report with the financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment, the hiring and leasing of plant and vehicles and apple production

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2006 to the date of this report

A W O'Leary
P R O'Leary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 keeping proper accounting records which 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 1985. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, THP Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

A W O'Leary - Director

19 May 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF APOL SILVA & ORCHARDS LIMITED

We have audited the financial statements of Apol Silva & Orchards Limited for the year ended 31 December 2006 on pages four to ten. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.

THP Limited

THP Limited
Chartered Accountants
and Registered Auditors
34-40 High Street
Wanstead
London
E11 2RJ

19 May 2008

APOL SILVA & ORCHARDS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

		2006	2005
	Notes	£	£
TURNOVER		1,137,814	934,457
Administrative expenses		<u>594,303</u>	<u>220,192</u>
OPERATING PROFIT	2	543,511	714,265
Interest receivable and similar income		<u>2,823</u>	<u>2,914</u>
		546,334	717,179
Interest payable and similar charges		<u>352,749</u>	<u>210,524</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		193,585	506,655
Tax on profit on ordinary activities	3	<u>(55,346)</u>	<u>155,465</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION	11	<u>248,931</u>	<u>351,190</u>

The notes form part of these financial statements

APOL SILVA & ORCHARDS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006	2005
	£	£
PROFIT FOR THE FINANCIAL YEAR	248,931	351,190
Revaluation of Investment Properties	<u>-</u>	<u>2,592,487</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>248,931</u>	<u>2,943,677</u>

The notes form part of these financial statements

APOL SILVA & ORCHARDS LIMITED

**BALANCE SHEET
31 DECEMBER 2006**

	Notes	2006 £	2005 £
FIXED ASSETS			
Tangible assets	4	13,981,689	10,801,715
CURRENT ASSETS			
Debtors	5	301,663	59,123
Cash at bank		<u>167,774</u>	<u>179,017</u>
		469,437	238,140
CREDITORS			
Amounts falling due within one year	6	<u>1,251,899</u>	<u>2,271,603</u>
NET CURRENT LIABILITIES		<u>(782,462)</u>	<u>(2,033,463)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,199,227	8,768,252
CREDITORS			
Amounts falling due after more than one year	7	(7,155,601)	(2,895,632)
PROVISIONS FOR LIABILITIES	9	-	(77,925)
NET ASSETS		<u>6,043,626</u>	<u>5,794,695</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Revaluation reserve	11	4,278,199	4,278,199
Profit and loss account	11	<u>1,765,425</u>	<u>1,516,494</u>
SHAREHOLDERS' FUNDS		<u>6,043,626</u>	<u>5,794,695</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors on 19 May 2008 and were signed on its behalf by



A W O'Leary - Director

The notes form part of these financial statements

APOL SILVA & ORCHARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

Turnover represents rents receivable and the leasing of plant and vehicles and sales of apples

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Orchard	- 10% on cost
Leasehold improvements	- 5% on cost
Plant and machinery	- 25% on cost
Fixtures, fittings & equipment	- 25% on cost
Motor vehicles	- 25% on reducing balance

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to the Revaluation Reserve. Accordingly no depreciation is provided in respect of investment properties. The requirement of Companies Act 1985 is to depreciate all properties, but that requirement conflicts with SSAP 19. The directors consider that as investment properties are not for consumption but for investment, to depreciate them would not give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been reduced by depreciation on the revalued properties of £275,992 (2005 £212,000) assuming a depreciation rate of 2% per annum.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. No provision has been made for deferred tax arising on a disposal of an investment property at its revalued amount.

Pension costs and other post-retirement benefits

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2006	2005
	£	£
Depreciation - owned assets	31,706	32,513
Auditors' remuneration	5,000	4,500
Pension costs	-	2,172
Rent receivable in respect of operating leases - property	(1,109,278)	(880,988)
Rent receivable in respect of operating leases - plant and machinery	<u>(17,976)</u>	<u>(17,976)</u>

Directors' emoluments and other benefits etc	<u>-</u>	<u>2,172</u>
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The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>-</u>	<u>2</u>
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APOL SILVA & ORCHARDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2006**

3 TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit on ordinary activities for the year was as follows

	2006	2005
	£	£
Current tax		
UK corporation tax	22,579	119,390
Deferred tax		
Transfer to/(from) deferred tax	<u>(77,925)</u>	<u>36,075</u>
Tax on profit on ordinary activities	<u>(55,346)</u>	<u>155,465</u>

4 TANGIBLE FIXED ASSETS

	Investment properties improvements	Orchard	Leasehold
	£	£	£
COST			
At 1 January 2006	10,600,000	48,269	131,583
Additions	<u>3,199,591</u>	<u>-</u>	<u>-</u>
At 31 December 2006	<u>13,799,591</u>	<u>48,269</u>	<u>131,583</u>
DEPRECIATION			
At 1 January 2006	-	4,826	9,862
Charge for year	<u>-</u>	<u>4,826</u>	<u>6,582</u>
At 31 December 2006	<u>-</u>	<u>9,652</u>	<u>16,444</u>
NET BOOK VALUE			
At 31 December 2006	<u>13,799,591</u>	<u>38,617</u>	<u>115,139</u>
At 31 December 2005	<u>10,600,000</u>	<u>43,443</u>	<u>121,721</u>

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Totals
	£	£	£	£
COST				
At 1 January 2006	82,935	8,218	27,608	10,898,613
Additions	<u>1,550</u>	<u>10,540</u>	<u>-</u>	<u>3,211,681</u>
At 31 December 2006	<u>84,485</u>	<u>18,758</u>	<u>27,608</u>	<u>14,110,294</u>
DEPRECIATION				
At 1 January 2006	48,093	7,816	26,302	96,899
Charge for year	<u>17,201</u>	<u>2,770</u>	<u>327</u>	<u>31,706</u>
At 31 December 2006	<u>65,294</u>	<u>10,586</u>	<u>26,629</u>	<u>128,605</u>
NET BOOK VALUE				
At 31 December 2006	<u>19,191</u>	<u>8,172</u>	<u>979</u>	<u>13,981,689</u>
At 31 December 2005	<u>34,842</u>	<u>402</u>	<u>1,307</u>	<u>10,801,715</u>

The investment properties were valued as at 30 November 2005, by qualified professional valuers working for the company of Glenny LLP, Chartered Surveyors, acting in the capacity of external valuers. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors. The properties were valued on the basis of market value. The valuation was carried out in accordance with the RICS Appraisal and Valuation Standards. The Directors consider that these valuations remain current as at 31 December 2006, uplifted by the cost of the property acquired during the year.

The historical cost of the investment properties is £9,521,392

APOL SILVA & ORCHARDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2006**

5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade debtors	50,294	27,613
Amounts owed by associated company	226,494	-
Prepayments and accrued income	24,875	31,510
	<u>301,663</u>	<u>59,123</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Bank loans	272,348	177,000
Trade creditors	5,722	25,529
Amounts owed to associated company	-	1,159,080
Corporation tax	160,168	129,979
VAT	62,044	14,398
Other creditors	17,932	-
Directors' loan account	464,372	639,594
Deferred income	27,683	36,200
Accruals	241,630	89,823
	<u>1,251,899</u>	<u>2,271,603</u>

7 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006	2005
	£	£
Bank loans -1 to 2 years	272,447	185,000
Bank loans -2 to 5 years	817,341	605,000
Bank loans over 5 years	6,065,813	2,105,632
	<u>7,155,601</u>	<u>2,895,632</u>
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans over 5 years	<u>6,065,813</u>	<u>2,105,632</u>

The loans outstanding last year were repaid during 2006 as part of a refinancing exercise, arising from the acquisition of a new property

8 SECURED DEBTS

The following secured debts are included within creditors

	2006	2005
	£	£
Bank loans	<u>7,427,949</u>	<u>3,072,632</u>

The following security is in place

All monies debenture granted over the whole assets of the Company

Cross Corporate Guarantee between the Company and a third party

First Legal Charge over Units 2-5 & 6, 240 Freshwater Road, Essex

9 PROVISIONS FOR LIABILITIES

	2006	2005
	£	£
Deferred tax		
Accelerated capital allowances	<u>-</u>	<u>77,925</u>

APOL SILVA & ORCHARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

9 PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2006	77,925
Release to Profit and Loss	<u>(77,925)</u>
Balance at 31 December 2006	<u>-</u>

A deferred tax asset of £48,000 has not been incorporated in the accounts due to uncertainty over timing of recovery

10 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	2006 £	2005 £
1,000	Ordinary		<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid Number	Class	Nominal value £1	2006 £	2005 £
2	Ordinary		<u>2</u>	<u>2</u>

11 RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2006	1,516,494	4,278,199	5,794,693
Profit for the year	<u>248,931</u>		<u>248,931</u>
At 31 December 2006	<u>1,765,425</u>	<u>4,278,199</u>	<u>6,043,624</u>

12 RELATED PARTY DISCLOSURES

The company listed below is subject to common ownership included within other debtors (2005 other creditors) was -

	2006 £	2005 £
Pass J Holdings Limited	<u>226,494</u>	<u>(1,159,080)</u>

APOL Silva & Orchards Limited owns property occupied by Pass J Holdings Limited. During the year the company charged rent of £501,676 (2005 £501,660), plant and vehicle hire charges of £17,976 (2005 £17,976) and recharged insurance of £NIL (2005 £17,600) to that related party.

At the year end, the company owed £464,372 to A W & P R O'Leary, the directors of the company (2005 £639,594).

13 ULTIMATE CONTROLLING PARTY

The company is under the control of the directors, A W & P R O'Leary.

14 CONTINGENT ASSETS

The Company has issued two substantial writs in respect of property related disputes. It is not considered appropriate at this stage to allow for any potential recoveries arising from the claims.