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APOL SILVA & ORCHARDS LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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APOL SILVA & ORCHARDS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2007**

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APOL SILVA & ORCHARDS LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2007

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 2007**

The directors present their report with the financial statements of the company for the year ended 31 December 2007.

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 2007 to the date of this report.

A W O'Leary
P R O'Leary

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

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

4 February 2009

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 2007 on pages four to nine. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 2007 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

4 February 2009

APOL SILVA & ORCHARDS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
TURNOVER		1,276,508	1,137,814
Cost of sales		<u>173,527</u>	<u>143,278</u>
GROSS PROFIT		1,102,981	994,536
Administrative expenses		<u>445,376</u>	<u>451,025</u>
OPERATING PROFIT	2	657,605	543,511
Interest receivable and similar income		<u>8,414</u>	<u>2,823</u>
		666,019	546,334
Interest payable and similar charges		<u>534,629</u>	<u>352,749</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		131,390	193,585
Tax on profit on ordinary activities	3	<u>39,215</u>	<u>(55,346)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>92,175</u>	<u>248,931</u>

The notes form part of these financial statements

APOL SILVA & ORCHARDS LIMITED

**BALANCE SHEET
31 DECEMBER 2007**

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	4	13,976,645	13,981,689
CURRENT ASSETS			
Debtors	5	228,589	301,663
Cash at bank		<u>72,739</u>	<u>167,774</u>
		301,328	469,437
CREDITORS			
Amounts falling due within one year	6	<u>1,301,205</u>	<u>1,251,899</u>
NET CURRENT LIABILITIES		<u>(999,877)</u>	<u>(782,462)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,976,768	13,199,227
CREDITORS			
Amounts falling due after more than one year	7	(6,811,134)	(7,155,601)
PROVISIONS FOR LIABILITIES	9	<u>(29,833)</u>	-
NET ASSETS		<u>6,135,801</u>	<u>6,043,626</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>1,857,600</u>	<u>1,765,425</u>
SHAREHOLDERS' FUNDS		<u>6,135,801</u>	<u>6,043,626</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 2007).

The financial statements were approved by the Board of Directors on 4 February 2009 and were signed on its behalf


A. W. O'Leary - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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 2007).

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 (2006: £275,992) 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.

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2007	2006
	£	£
Depreciation - owned assets	34,294	31,706
Auditors' remuneration	5,000	5,000
Rent receivable in respect of operating leases - property	(1,075,337)	(1,109,278)
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>-</u>

The comparative profit and loss results have been restated to disclose apple production costs of £143,278 as a cost of sale, previously they were included in administrative expenses.

3. TAXATION

Analysis of the tax charge/(credit)

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

	2007	2006
	£	£
Current tax:		
UK corporation tax	9,382	22,579
Deferred tax:		
Transfer to/(from) deferred tax	<u>29,833</u>	<u>(77,925)</u>
Tax on profit on ordinary activities	<u>39,215</u>	<u>(55,346)</u>

APOL SILVA & ORCHARDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007**

4. TANGIBLE FIXED ASSETS

	Investment properties improvements £	Orchard £	Leasehold £
COST OR REVALUATION			
At 1 January 2007	<u>13,799,591</u>	<u>48,269</u>	<u>131,583</u>
At 31 December 2007	<u>13,799,591</u>	<u>48,269</u>	<u>131,583</u>
DEPRECIATION			
At 1 January 2007	-	9,652	16,444
Charge for year	-	<u>4,826</u>	<u>6,582</u>
At 31 December 2007	-	<u>14,478</u>	<u>23,026</u>
NET BOOK VALUE			
At 31 December 2007	<u>13,799,591</u>	<u>33,791</u>	<u>108,557</u>
At 31 December 2006	<u>13,799,591</u>	<u>38,617</u>	<u>115,139</u>

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST OR REVALUATION				
At 1 January 2007	84,485	18,758	27,608	14,110,294
Additions	<u>29,250</u>	-	-	<u>29,250</u>
At 31 December 2007	<u>113,735</u>	<u>18,758</u>	<u>27,608</u>	<u>14,139,544</u>
DEPRECIATION				
At 1 January 2007	65,294	10,586	26,629	128,605
Charge for year	<u>19,871</u>	<u>2,770</u>	<u>245</u>	<u>34,294</u>
At 31 December 2007	<u>85,165</u>	<u>13,356</u>	<u>26,874</u>	<u>162,899</u>
NET BOOK VALUE				
At 31 December 2007	<u>28,570</u>	<u>5,402</u>	<u>734</u>	<u>13,976,645</u>
At 31 December 2006	<u>19,191</u>	<u>8,172</u>	<u>979</u>	<u>13,981,689</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. 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 2007.

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

On 28 August 2008 the company sold Freehold Property comprising Unit 2, 240 Freshwater Road, Essex for £567,500.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade debtors	7,020	50,294
Amounts owed by related companies	210,601	226,494
Prepayments and accrued income	<u>10,968</u>	<u>24,875</u>
	<u>228,589</u>	<u>301,663</u>

APOL SILVA & ORCHARDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007**

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Bank loans	332,668	272,348
Trade creditors	47,920	5,722
Corporation tax	29,571	160,168
VAT	55,266	62,044
Other creditors	21,923	17,932
Directors' loan account	432,472	464,372
Deferred income	6,491	27,683
Accruals	374,894	241,630
	<u>1,301,205</u>	<u>1,251,899</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Bank loans -1 to 2 years	323,410	272,447
Bank loans -2 to 5 years	970,230	817,341
Bank loans over 5 years	<u>5,517,494</u>	<u>6,065,813</u>
	<u>6,811,134</u>	<u>7,155,601</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans over 5 years	<u>5,517,494</u>	<u>6,065,813</u>

8. SECURED DEBTS

The following secured debts are included within creditors:

	2007 £	2006 £
Bank loans	<u>7,143,802</u>	<u>7,427,949</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 Charges over Units 2-5 & 6, 240 Freshwater Road, Essex and Land on the South East side of Menzies Road, Dover.

9. PROVISIONS FOR LIABILITIES

	2007 £	2006 £
Deferred tax		
Accelerated capital allowances	<u>29,833</u>	<u>-</u>
		Deferred tax
		£
Transfer from reserves		<u>29,833</u>
Balance at 31 December 2007		<u>29,833</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2007	2006
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2007	2006
			£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

11. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2007	1,765,425	4,278,199	6,043,624
Profit for the year	<u>92,175</u>		<u>92,175</u>
At 31 December 2007	<u>1,857,600</u>	<u>4,278,199</u>	<u>6,135,799</u>

12. RELATED PARTY DISCLOSURES

During the year, the company had the following transactions with Pass J Holdings Limited, a company under common control:

	2007 £	2006 £
Rent receivable	522,161	501,676
Plant and vehicle hire charges receivable	17,976	17,976
Service charges receivable	15,477	-
Management charges payable	134,167	114,588
Balance due from Pass J Holdings Limited	185,622	226,494

During the year, the company had the following transactions with Mike Beer Transport Limited, a company also under common control:

	2007 £	2006 £
Rent receivable	254,750	128,332
Service charges receivable	4,128	-
Balance due from Mike Beer Transport Limited	24,979	50,294

At the year end, the company owed £432,472 to A W & P R O'Leary, the directors of the company. (2006: £464,372). Rent of £18,499 was paid to A W & P R O'Leary during the year (2006 : £nil).

13. ULTIMATE CONTROLLING PARTY

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

14. CONTINGENT ASSETS

The Company had previously issued two substantial writs in respect of property related disputes. One of these was settled in 19 December 2008 with the company receiving a settlement of £22,499 after the deduction of professional fees. This amount will be recognised in the financial statements for the year ended 31 December 2008.