

APOL SILVA & ORCHARDS LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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FOR THE YEAR ENDED 31 DECEMBER 2008**

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APOL SILVA & ORCHARDS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2008**

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present their report with the financial statements of the company for the year ended 31 December 2008

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

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2008 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

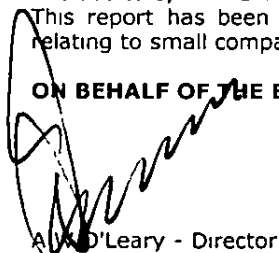
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself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

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

18 February 2010

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 2008 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 a Report of the Auditors 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 2008 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

18 February 2010

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
TURNOVER		1,395,574	1,276,508
Cost of sales		208,310	173,527
GROSS PROFIT		1,187,264	1,102,981
Administrative expenses		418,086	445,376
OPERATING PROFIT	2	769,178	657,605
Interest receivable and similar income		3,088	8,414
		772,266	666,019
Interest payable and similar charges		461,622	534,629
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		310,644	131,390
Tax on profit on ordinary activities	3	134,673	39,215
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		175,971	92,175

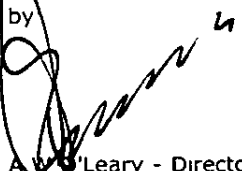
The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Tangible assets	4	13,691,479	13,976,645
CURRENT ASSETS			
Debtors	5	150,436	228,589
Cash at bank		149,816	72,739
		<u>300,252</u>	<u>301,328</u>
CREDITORS			
Amounts falling due within one year	6	<u>1,623,426</u>	<u>1,301,205</u>
NET CURRENT LIABILITIES		<u>(1,323,174)</u>	<u>(999,877)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,368,305	12,976,768
CREDITORS			
Amounts falling due after more than one year	7	(5,994,992)	(6,811,134)
PROVISIONS FOR LIABILITIES	9	<u>(61,541)</u>	<u>(29,833)</u>
NET ASSETS		<u>6,311,772</u>	<u>6,135,801</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Revaluation reserve	11	4,127,874	4,278,199
Profit and loss account	11	<u>2,183,896</u>	<u>1,857,600</u>
SHAREHOLDERS' FUNDS		<u>6,311,772</u>	<u>6,135,801</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 18 February 2010 and were signed on its behalf by


A. W. O'Leary - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

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)

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company

Turnover

Turnover represents rents and service charges receivable and the sale of apples and apple juice

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 Financial Reporting Standard for Smaller Entities (effective January 2007), 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 the Financial Reporting Standard for Smaller Entities (effective January 2007). 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 £266,344 (2007 £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

2 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2008 £	2007 £
Depreciation - owned assets	39,671	34,294
Profit on disposal of fixed assets	(75,390)	-
Auditors' remuneration	5,000	5,000
Rent receivable in respect of operating leases - property	(1,172,824)	(1,075,337)
Rent receivable in respect of operating leases - plant and machinery	-	(17,976)
	<u>-</u>	<u>-</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

3 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2008 £	2007 £
Current tax		
UK corporation tax	102,965	9,382
Deferred tax		
Transfer to/(from) deferred tax	31,708	29,833
Tax on profit on ordinary activities	<u>134,673</u>	<u>39,215</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008

4 TANGIBLE FIXED ASSETS

	Investment properties £	Orchard £	Leasehold improvements £
COST			
At 1 January 2008	13,799,591	48,269	131,583
Additions	-	-	233,447
Disposals	(482,408)	-	-
At 31 December 2008	13,317,183	48,269	365,030
DEPRECIATION			
At 1 January 2008	-	14,478	23,026
Charge for year	-	4,826	18,253
Eliminated on disposal	-	-	-
At 31 December 2008	-	19,304	41,279
NET BOOK VALUE			
At 31 December 2008	13,317,183	28,965	323,751
At 31 December 2007	13,799,591	33,791	108,557

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST				
At 1 January 2008	113,735	18,758	27,608	14,139,544
Additions	4,200	-	-	237,647
Disposals	-	-	(27,608)	(510,016)
At 31 December 2008	117,935	18,758	-	13,867,175
DEPRECIATION				
At 1 January 2008	85,165	13,356	26,874	162,899
Charge for year	13,822	2,770	-	39,671
Eliminated on disposal	-	-	(26,874)	(26,874)
At 31 December 2008	98,987	16,126	-	175,696
NET BOOK VALUE				
At 31 December 2008	18,948	2,632	-	13,691,479
At 31 December 2007	28,570	5,402	734	13,976,645

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 2008.

The historical cost of the investment properties is £9,189,309.

5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade debtors	43,295	7,020
Amounts owed by related companies	24,677	210,601
Other debtors	4,056	-
Prepayments and accrued income	78,408	10,968
	<u>150,436</u>	<u>228,589</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Bank loans	513,496	332,668
Trade creditors	208,803	47,920
Amounts owed to related companies	103,921	-
Corporation tax	132,536	29,571
VAT	33,371	55,266
Other creditors	25,000	21,923
Directors' loan account	181,956	432,472
Deferred income	32,026	6,491
Accruals	392,317	374,894
	<u>1,623,426</u>	<u>1,301,205</u>

7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008	2007
	£	£
Bank loans -1 to 2 years	421,202	323,410
Bank loans -2 to 5 years	1,263,606	970,230
Bank loans over 5 years	4,310,184	5,517,494
	<u>5,994,992</u>	<u>6,811,134</u>

Amounts falling due in more than five years

Repayable by instalments		
Bank loans over 5 years	<u>4,310,184</u>	<u>5,517,494</u>

8 SECURED DEBTS

The following secured debts are included within creditors

	2008	2007
	£	£
Bank overdraft	1,914	-
Bank loans	6,506,574	7,143,802
	<u>6,508,488</u>	<u>7,143,802</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

	2008	2007
	£	£
Deferred tax		
Accelerated capital allowances	<u>61,541</u>	<u>29,833</u>

**Deferred
tax
£
29,833
31,708
61,541**

Balance at 1 January 2008
Transfer from reserves

Balance at 31 December 2008

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008

10 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	2008 £	2007 £
1,000	Ordinary		<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid Number	Class	Nominal value £1	2008 £	2007 £
2	Ordinary		<u>2</u>	<u>2</u>

On 24 November 2009 the company issued 9,998 ordinary shares for cash at par to the existing shareholders

11 RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2008	1,857,600	4,278,199	6,135,799
Profit for the year	175,971		175,971
Revaluation surplus	150,325	(150,325)	-
At 31 December 2008	<u>2,183,896</u>	<u>4,127,874</u>	<u>6,311,770</u>

12 RELATED PARTY DISCLOSURES

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

	2008 £	2007 £
Rent receivable	607,012	522,161
Plant and vehicle hire charges receivable	-	17,976
Service charges receivable	14,530	15,477
Management charges payable	125,828	134,167
Balance due (to) from Pass J Holdings Limited	(103,921)	185,622

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

	2008 £	2007 £
Rent receivable	359,000	254,750
Service charges receivable	-	4,128
Balance due from Mike Beer Transport Limited	24,677	24,979

At the year end, the company owed £187,956 to A W & P R O'Leary, the directors of the company (2007 £432,472)

13 POST BALANCE SHEET EVENTS

On 22 October 2009 the company entered into a corporate guarantee and indemnity in favour of a third party to pay or discharge the liabilities of the related companies, Pass J Holdings Limited and Mike Beer Transport Limited, up to a maximum of £1,200,000

14 ULTIMATE CONTROLLING PARTY

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