

L'UNION ESTATE COMPANY LIMITED

**OFFICERS' REPORT AND AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2010**



Nov 2011 2011-2012/14

L'UNION ESTATE COMPANY LIMITED

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L'UNION ESTATE COMPANY LIMITED

Directors' report

The directors present their Annual Report, together with the audited financial statements for the year ended 31 December 2010.

1. INCORPORATION

The Company was incorporated and domiciled in the Republic of Seychelles under the Companies Act 1972.

2. PRINCIPAL ACTIVITIES AND TRADING

The Company's principle activity is to cultivate land for vegetables and fruits and it is engaged in poultry and pig farming. It is also responsible for the up keep and maintenance of the Estate and charges a fee to overseas visitors to enjoy the use of the premises.

3. DIRECTORS' RESPONSIBILITIES

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company which are free from material misstatement and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1972. 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 of the opinion that they have met their responsibilities as set out in the Companies Act 1972.

4. RESULTS FOR THE YEAR

The Income Statement is shown on page 7. The profit for the year ended December 31, 2010 was SR 469,390 (2009: profit SR 172,212).

L'UNION ESTATE COMPANY LIMITED

Directors' report (Cont'd)

5. DIRECTORS AND THEIR INTERESTS IN THE COMPANY

The Directors of the Company during the year ended December 31, 2010 were as follows: -

Directors	Nationality	Shares held
F. Shroff	Seychellois	Nil
G. Payet	Seychellois	Nil
A. Moustache	Seychellois	Nil
M. Figaro	Seychellois	Nil
G. Quatre	Seychellois	Nil
P. Payet	Seychellois	Nil

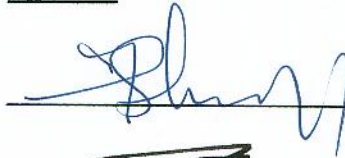
6. AUDITORS

The auditors, Messrs ACM & Associates have indicated their willingness to continue in office and their re-appointment will be proposed in the next Annual General Meeting in accordance with and subject to the provision of Section 155(2) of the Companies Act 1972.

Directors

Signature

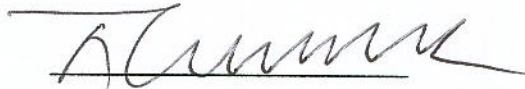
F. Shroff



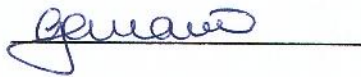
G. Payet



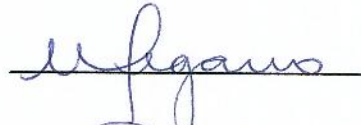
A. Moustache



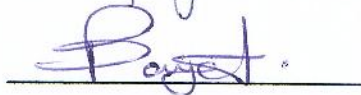
G. Quatre



M. Figaro



P. Payet



Date: 3rd August 2011

L'UNION ESTATE COMPANY LIMITED

AUDITORS' REPORT

Report on the financial statements

We have audited the financial statements of **L'Union Estate Company Limited** on pages 6 to 17 which comprise the balance sheet as at 31 December 2010, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company's members, as a body. 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.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Standards accepted in Seychelles and in compliance with the requirements of the Seychelles Companies Act 1972. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditors consider internal controls relevant to the Company's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

L'UNION ESTATE COMPANY LIMITED

Report on the financial statements (Continued)

Opinion

In our opinion, the financial statements on pages 6 to 17 give a true and fair view of the financial position of the Company at 31 December 2010 and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Standards applicable in Seychelles and comply with the Seychelles Companies Act 1972.

Report on other legal and regulatory requirements

Companies Act 1972

- We have no relationship with or interests in the Company other than in our capacity as auditors and dealings with the Company in the ordinary course of business.
- We have obtained all the information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.


ACM & ASSOCIATES Chartered Accountants
125 Seagate House P. O. Box 1289
Victoria Mahe Seychelles
Tel: 610123 FAX: 610122
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P O BOX 1289

VICTORIA

Date: 20 Sept 2011

L'UNION ESTATE COMPANY LIMITED

BALANCE SHEET – DECEMBER 31, 2010

	Notes	2010 SR	2009 SR
NON-CURRENT ASSETS			
Property, plant and equipment	5	10,101,099	8,466,246
CURRENT ASSETS			
Inventories and work in progress	6	637,823	379,629
Trade and other receivables	7	1,270,107	493,614
Cash at bank and in hand		1,342,781	2,402,797
		3,250,712	3,276,041
TOTAL ASSETS		13,351,811	11,742,287
EQUITY AND LIABILITIES			
EQUITY			
Issued share capital			
Reserves	8	7,292,500	7,292,500
Retained earnings		941,169	1,029,708
TOTAL EQUITY		(5,106,214)	(5,791,553)
		3,127,455	2,530,655
CURRENT LIABILITIES			
Trade and other payables			
Bank overdraft	9	7,547,984	6,473,343
		65,493	-
		7,613,477	6,473,343
NON-CURRENT LIABILITIES			
Government grant	10	2,610,879	2,738,289
TOTAL LIABILITIES		10,224,356	9,211,632
TOTAL EQUITY AND LIABILITIES		13,351,811	11,742,287

These financial statements have been approved for issue by the board of directors on Aug 3, 2011

Directors

F. Shroff

A. Moustache

G. Payet

M. Figaro

G. Quatre

P. Payet

Signature



L'UNION ESTATE COMPANY LIMITED

INCOME STATEMENT – YEAR ENDED DECEMBER 31, 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		SR	SR
Turnover	4(j)	3,593,376	3,046,225
Cost of sales		<u>(1,843,233)</u>	<u>(2,238,835)</u>
Gross profit		1,750,143	807,390
Other income		8,586,711	7,752,925
Profit on disposal of land		50,000	-
Loss on disposal of property, plant and equipment	11	<u>(908,660)</u>	
Total income		9,478,194	8,560,315
Administrative and general expenses		<u>(7,489,937)</u>	<u>(8,388,103)</u>
Operating profit and profit before tax		1,988,257	172,212
Tax		<u>(1,518,867)</u>	-
Profit for the year		469,390	172,212

L'UNION ESTATE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY – YEAR ENDED DECEMBER 31, 2010

	Issued share capital	Revenue deficit	Total
	SR	SR	SR
Balance at January 1, 2009	7,292,500	(6,206,118)	1,086,382
Profit and loss appropriation account	-	242,353	242,353
Profit for the year	-	172,212	172,212
Balance at December 31, 2009	<u>7,292,500</u>	<u>(5,791,553)</u>	<u>1,500,947</u>
Balance at January 1, 2010	7,292,500	(5,791,553)	1,500,947
Profit and loss appropriation account	-	215,949	215,949
Profit for the year	-	469,390	469,390
Balance at December 31, 2010	<u>7,292,500</u>	<u>(5,106,214)</u>	<u>2,186,286</u>

L'UNION ESTATE COMPANY LIMITED

STATEMENT OF CASH FLOWS – YEAR ENDED DECEMBER 31, 2010

	2010	2009
	SR	SR
OPERATING ACTIVITIES		
Profit before tax	1,988,257	172,212
<i>Adjustment for:</i>		
- Depreciation	874,046	675,833
- Profit on disposal of land	(50,000)	-
- Loss on disposal of property, plant and equipment	908,660	-
<i>Operating profit before working capital changes:-</i>	3,720,963	848,046
Inventories and work in progress	(258,194)	9,346
Accounts receivable	(776,493)	2,502,185
Accounts payable	(444,226)	(521,973)
Net cash flow from operating activities	2,242,050	2,837,603
INVESTING ACTIVITIES		
Proceeds from disposal of land	50,000	-
Amortization of government grant	215,949	242,353
Decrease in capital reserve	(88,539)	(99,365)
Decrease in government grants	(127,410)	(142,988)
Purchase of fixed property, plant and equipment	(3,417,558)	(1,781,798)
Net cash flow from Investing activities	(3,367,558)	(1,781,798)
FINANCING ACTIVITIES		
Net cash flow from financing activities		-
Net movement in cash and cash equivalents	(1,125,509)	1,055,805
Cash and cash equivalents at January 1,	2,402,797	1,346,992
Cash and cash equivalents at December 31,	1,277,288	2,402,797
Represented by:-		
Cash in hand and at bank	1,342,781	2,402,797
Bank overdraft	(65,493)	-
	1,277,288	2,402,797

L'UNION ESTATE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated and domiciled in the Republic of Seychelles under the Companies Act 1972.

The principal activities of the Company have remained unchanged since the previous year which is to engage in agricultural activities, growing fruits and vegetables and farming animals.

2. BASIS OF PREPARATION

The financial statements which have been prepared under the historical cost convention are presented in Seychelles Rupees.

Statement of compliance

The financial statements of L'Union Estate Company Limited have been prepared in accordance with the generally accepted accounting standards applicable in the Republic of Seychelles.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and / or accumulated impairment losses if any. Such costs include the cost of replacing the part of plant and equipment when the cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is carried out, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are recognised in the profit or loss as incurred.

L'UNION ESTATE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) PROPERTY, PLANT AND EQUIPMENT

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

• Motor Vehicle	4 years
• Equipment	4 years
• Furniture and fittings	4 years
• Computer equipment	3 years
• Fixtures and fittings	4 years

b) ACCOUNTS RECEIVABLES

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

c) INVENTORIES

Inventories are valued at the lower of costs or net realizable value. Costs incurred in bringing each product to its present condition and location, are accounted for as follows:

- **Raw materials:** purchase costs on a first in first out basis;
- **Finished goods and work in progress:** costs of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balances, including bank overdrafts and short-term deposits with an original maturity of three months or less.

L'UNION ESTATE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at rate of exchange ruling at the balance sheet date. The assets and liabilities of foreign operations are translated into Seychelles Rupees (SR) at the rate of exchange prevailing at the transaction date and their income statements are translated at exchange rates prevailing at the date of the transactions.

f) ACCOUNTS PAYABLES AND ACCRUALS

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

g) PROVISIONS

Provisions are recognised when the Company has an obligation arising from a past event, and the costs to settle the obligation are both probable and reliably measurable.

h) IMPAIRMENT

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

i) TAX

The Company is liable to taxes in accordance with the tax regulations applicable in Seychelles.

j) REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer.

k) RELATED PARTIES

Related parties are parties that have control or significant influence over the reporting entity and parties that are controlled or significantly influenced by the reporting entity. Related parties can be corporate or individuals.

L'UNION ESTATE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Motor vehicles	Total
<u>Costs</u>	SR	SR	SR	SR
Balance at January 1, 2010	17,154,439	4,443,484	991,106	22,589,028
Additions	1,493,266	1,924,292	-	3,417,558
Disposal	(1,975,347)	-	-	(1,975,347)
Balance at December 31, 2010	16,672,358	6,367,776	991,106	24,031,240
<u>Depreciation</u>				
Balance at January 1, 2010	9,125,428	4,263,599	733,755	14,122,782
Charge for the year	485,252	141,017	247,777	874,046
Disposal	(1,066,687)	-	-	(1,066,687)
Balance at December 31, 2010	8,543,993	4,404,617	981,531	13,930,141
Net book values:				
At December 31, 2009	8,029,011	179,884	257,352	8,466,246
At December 31, 2010	8,128,365	1,963,159	9,575	10,101,099
Freehold land and buildings at cost is analysed as follows:			2010	2009
			SR	SR
Freehold land			1,517,086	1,517,086
Buildings			15,155,272	15,637,353
			16,672,358	17,154,439

6. INVENTORIES

	2010	2009
	SR	SR
Inventories	637,823	363,730
Work in progress	-	15,899
	637,823	379,629

L'UNION ESTATE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. TRADE RECEIVABLE

	2010	2009
	SR	SR
Trade receivable	1,255,927	472,234
Deposits	13,280	13,280
Advances	900	8,100
	<u>1,270,107</u>	<u>493,614</u>

8. ISSUED SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

	2010	2009
	SR	SR
72,925 ordinary shares of SR 100 each	<u>7,292,500</u>	<u>7,292,500</u>

9. TRADE AND OTHER PAYABLES

	2010	2009
	SR	SR
Trade payables	50,443	68,916
Accruals	53,475	96,774
Provisions	844,163	1,205,149
Trade tax payable	1,660,344	141,477
Other payables	4,939,559	4,961,027
	<u>7,547,984</u>	<u>6,473,343</u>

10. GOVERNMENT GRANT

	2010	2009
	SR	SR
Balance at 1 January	2,738,289	2,881,277
Depreciation written back	(127,410)	(142,988)
Balance at 31 December	<u>2,610,879</u>	<u>2,738,289</u>

L'UNION ESTATE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

The boatyard workshop was demolished during the year which resulted in a loss on disposal.

12. TAXATION

According to the Agriculture and Fisheries Incentive certificate issued to the Company, the tax rate applicable to taxable profit arising from agricultural activities shall be nil. The taxable profit arising from non-agricultural activities, however, has been charged at 25% on the first SCR 1,000,000 taxable profit. The remaining taxable profit is charged at 33%.

13. OTHERS

Based on information provided, the Company did not have any contingent liabilities nor capital commitments contracted for, or approved by the Board of Directors as at December 31, 2010 (2009: Nil).

L'UNION ESTATE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	SR	SR
Agricultural income	3,593,376	3,046,225
Cost of sales:		
Opening stock	363,730	388,975
Purchases	2,117,326	2,213,590
Closing stock	2,481,056	2,602,565
	(637,823)	(363,730)
Gross Profit	1,843,233	2,238,835
	1,750,143	807,390
Other Income:		
Government subvention	-	363,209
Rental Income	658,400	674,551
Miscellaneous income	86,806	114,502
Entrance fee	7,819,905	6,565,864
Landing fee	21,600	34,800
Gross profit - Agricultural produce and others	10,336,854	8,560,315
Profit on disposal of land	50,000	-
Loss on disposal of property, plant and equipment	(908,660)	-
Exchange Gain	322	(56,579)
Total Income	9,478,516	8,503,737

L'UNION ESTATE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010 (CONT'D)

Total Income (see page 16)	9,478,516	8,503,737
Overheads:		
Salaries and wages	4,350,030	3,885,906
Personal income tax	41,100	542,044
Pension	56,000	54,700
Staff traveling	37,021	27,420
Compensation and leave pay	158,547	363,209
Other staff costs	-	45,100
Printing and stationery	50,355	17,400
Telephone and fax	36,181	55,212
Licenses	6,180	12,790
Legal and professionals fees	40,000	90,982
Insurance	1,522	1,557
Electricity and water	220,039	353,043
Fuel and oil	158,921	159,622
Freight transport	229,694	151,620
Sundry expenses	172,075	355,330
Audit Fee	40,249	39,059
Hired labour	118,714	192,354
Equipment Hire	660,252	710,810
Repairs and maintenance	233,084	581,629
Bank charges	6,250	15,905
Depreciation	874,046	675,833
Total expenses	7,490,259	8,331,525
Net profit before taxation	1,988,257	172,212