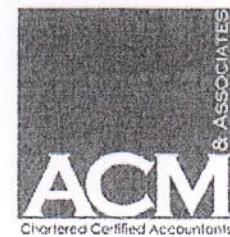


# **L'UNION ESTATE COMPANY LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2007**



# **L' UNION ESTATE COMPANY LIMITED**

## **DIRECTOR'S REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2007**

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<b>STATEMENT OF DIRECTORS' RESPONSIBILITIES</b>	<b>2 &amp; 3</b>
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# L'UNION ESTATE COMPANY LIMITED

## DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The Company's principle activity is the cultivation of 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.

## RESULTS

	SR
Profit before taxation	108,993
Depreciation w/back	211,294
Taxation	-
Profit for the year	<hr/> 320,287
Accumulated loss brought forward	(6,684,831)
Accumulated loss carried forward	<hr/> (6,364,543) =====

## DIVIDENDS

The directors do not recommend the declaration of dividend for the financial year under view.

## FIXED ASSETS

The directors are of the opinion that the market or saleable value of the fixed assets at 31 December 2007 does not differ substantially from the amount at which it is included in the balance sheet at that date.

## **L'UNION ESTATE COMPANY LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **DIRECTORS AND DIRECTORS' INTEREST**

The directors of the Company since the date of the last report and the date of this report are:

F. Shroff  
G. Payet  
A. Moustache  
G. Quatre  
M. Figaro  
P. Jean

None of the directors held any interest in the Company.

In accordance with the Companies Act 1972, all the directors shall hold office for the terms of their respective lives, but may resign at any time by giving three months' notice of their intention to do so to the company.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

. The directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

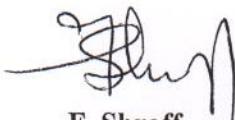
The Companies Act 1972 places the responsibility on all directors to ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

## L'UNION ESTATE COMPANY LIMITED

### DIRECTORS' REPORT (continued)

#### AUDITORS

The retiring auditors are ACM & Associates, who are eligible for re-appointment.



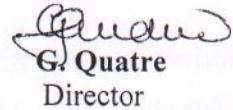
F. Shroff  
Director



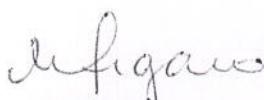
G. Payer  
Director



A. Moustache  
Director

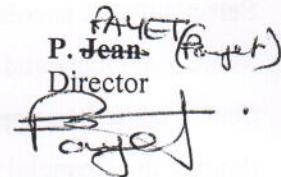


G. Quatre  
Director



M. Figaro  
Director

Mahe, Seychelles



**ACM & Associates**  
**CHARTERED CERTIFIED ACCOUNTANT**  
**TEL: 610123 FAX: 610122**

---

**REPORT OF THE AUDITORS**  
**TO THE MEMBERS OF L'UNION ESTATE COMPANY LIMITED**

We have audited the financial statements on page 6 to 16 which have been prepared on the basis of the accounting policies set on page 9 to 11.

This report is made solely to the company's members, as a body, in accordance with the Companies Act 1972. 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' responsibilities**

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 ensure that the accounts comply with the normally accepted accounting standards of Seychelles. 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.

**Auditors' responsibilities**

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with normally accepted auditing standards of Seychelles. 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 judgement made by directors in the preparation of 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 misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with or interests in the company other than in our capacities as auditors and tax advisors.

**ACM & Associates**  
**CHARTERED CERTIFIED ACCOUNTANT**  
**TEL: 610123 FAX: 610122**

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**REPORT OF THE AUDITORS**

**TO THE MEMBERS OF L'UNION ESTATE COMPANY LIMITED**  
**(Continued)**

**Opinion**

We have obtained all the information and explanations that we have required.

In our opinion:

- Proper accounting records have been kept by the company as far as appears from our examination of those records; and
- The financial statements give a true and fair view of the financial position of the company as at 31<sup>st</sup> December 2007 and of its financial performance and cash flows for the year then ended, and comply with the Companies Act 1972 and have been prepared in accordance with the normally accepted accounting standards of Seychelles.

*ACM & Associates*

P O BOX 1289  
VICTORIA

ACM & Associates Chartered Certified Accountants  
Rm 128 Oceangate House P. O. Box 1289  
Victoria, Mahe, Seychelles  
Tel: 610123 FAX: 610122  
Email: acm@seychelles.sc

Date *20/01/08*

**L'UNION ESTATE COMPANY LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED**  
**TO 31 DECEMBER 2007**

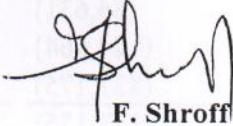
	<u>NOTE</u>	<u>2007</u> <u>R</u>	<u>2006</u> <u>R</u>
Profit / (Loss) before Taxation	2	108,993	(1,515,254)
Taxation	3	<hr/> 108,993	<hr/> -
Profit before adjustments		211,294	(1,515,254)
Depreciation written back		<hr/> 320,287	238,345
Profit / (Loss) for the year		<hr/> (6,684,831)	(1,276,909)
Accumulated loss brought forward		<hr/> <u>(6,364,543)</u>	<hr/> <u>(5,407,922)</u>
Accumulated loss carried forward		<hr/> <u>(6,364,543)</u>	<hr/> <u>(6,684,831)</u>

The annexed notes form an integral part of these financial statements

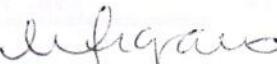
# L'UNION ESTATE COMPANY LIMITED

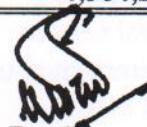
## BALANCE SHEET AS AT 31 DECEMBER 2007

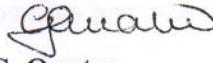
	<u>NOTE</u>	<u>2007</u> <u>R</u>	<u>2006</u> <u>R</u>
<b>Fixed Assets</b>	4	6,466,766	6,537,228
<b>Current Assets</b>			
Stocks and work in progress	5	1,043,322	116,730
Receivables	6	2,771,426	3,088,026
Cash and Bank balances		1,039,240	1,142,669
		<b>4,853,988</b>	<b>4,347,425</b>
<b>Current Liabilities</b>			
Bank overdraft	7	842,445	907,843
Deposits	8	474,875	413,000
Advance	9	846,000	846,000
Payables	10	4,793,140	4,462,519
		<b>6,956,460</b>	<b>6,629,362</b>
Net current assets / (liabilities)		<b>(2,102,472)</b> <b>4,364,294</b>	<b>(2,281,937)</b> <b>4,255,291</b>
<b>Represented by</b>			
Share capital	11	7,292,500	7,292,490
Accumulated loss		(6,364,543)	(6,684,831)
Capital reserve	12	1,240,587	1,327,218
		<b>2,168,544</b>	<b>1,934,877</b>
Government grants	13	2,195,750	2,320,414
		<b>4,364,294</b>	<b>4,255,291</b>

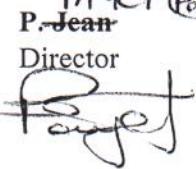
  
F. Shroff  
Director

  
A. Moustache  
Director

  
M. Figaro  
Director

  
G. Payer  
Director

  
G. Quatre  
Director

  
P. Jean  
Director

**L'UNION ESTATE COMPANY LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	<u>2007</u> <u>R</u>	<u>2006</u> <u>R</u>
<b>Cash flow from operating activities</b>			
Profit before taxation		108,993	(1,515,254)
Adjustments for:			
Depreciation		501,637	480,146
Profit on disposal of land		(260,000)	(140,000)
Net interest		55,511	830
<b>Operating (loss) / profit before working capital changes</b>		<b>406,141</b>	<b>(1,174,278)</b>
Decrease in stocks and work in progress		(926,592)	720
Decrease in receivables		316,600	(59,315)
Decrease in deposits		61,875	76,600
Increase / (decrease) in payables		330,631	670,497
<b>Cash outflow in operations</b>		<b>(217,487)</b>	<b>688,502</b>
Interest received		15,154	20,915
Interest paid		(70,665)	(21,745)
<b>Net cash outflow in operating activities</b>		<b>133,143</b>	<b>(486,606)</b>
<b>Cash flow from investing activities</b>			
Proceeds on disposal of land		260,000	140,000
Depreciation written back		211,294	238,345
Decrease in Capital reserve		(86,631)	(97,721)
Decrease in Government grants		(124,664)	(140,624)
Purchase of fixed assets		(431,175)	-
<b>Net cash inflow from investing activities</b>		<b>(171,175)</b>	<b>140,000</b>
Net change in cash and cash equivalents		(38,032)	(346,606)
Cash and cash equivalents at 1 January		234,826	581,432
<b>Cash and cash equivalents at 31 December</b>	14	<b>196,794</b>	<b>234,826</b>

# L'UNION ESTATE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2007

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention and comply with generally accepted accounting standards in Seychelles.

#### (b) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation except for freehold land which is stated at cost.

The cost of an asset comprises its purchase price to any attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalized.

Upon the disposal of an item of fixed asset, the difference between the net disposal proceeds and the net carrying amount is recognised in the profit and loss account and the unutilized portion of the surplus remaining in Government Grant and Capital Reserve on that item is taken directly to retained profits.

Depreciation is provided on all fixed assets other than land on the straight-line method at rates calculated to write off their cost over their expected useful life as follows:

Buildings	Over 25 years
Machinery, furniture and equipment	Between 4 to 10 years
Vehicles	Over 5 years

# L'UNION ESTATE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2007

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (c) Stocks and work in progress

Stocks and work in progress are stated at costs or net realisable value.

#### (d) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

*Revenue is recognised according to the following criteria:*

- i) Subvention from Government of Seychelles is treated as revenue on a receipt basis.
- ii) Revenue from sales of land is recognised upon transfer of title to the customer.
- iii) Revenue from agricultural produce are mostly sold for cash and recognized on receipt.
- iv) Interest is recognized to income as it accrues.
- v) Rental income is recognised to income as and when it falls due.

#### (e) Foreign currency translation

Transactions denominated in foreign currencies are recorded in Seychelles Rupees at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are converted into Seychelles Rupees at the rates of exchange ruling on the balance sheet date. Exchange differences are dealt with in the profit and loss account.

#### (f) Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an estimate made for doubtful receivables on a review of all outstanding amounts at year-end. Bad debts are written off when identified.

#### (g) Provisions.

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## **L'UNION ESTATE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2007**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **(h) Cash and cash equivalents**

The cash flow statement classifies changes in cash and cash equivalents according to operating, investing and financing activities. Cash and cash equivalents comprise cash in hand and at bank offset with amounts owing to banks within next 12 months. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

##### **(i) Taxation**

Business tax on the profit or loss for the year comprises of current tax. Current tax if any is the expected amount of business taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

##### **(j) Payables.**

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed or not billed to the Company.

##### **(k) Retirement benefit obligations**

The amendments to the Seychelles Employment Act in the year 1999 entitles one day wage for each completed month of service provided the employee has completed five years continuous service at the date of this amendment. The Company does not provide for this liability on an accrual basis but charges to the profit and loss account in the year of payment.

# L'UNION ESTATE COMPANY LIMITED

## 2. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging / (crediting):

	2007 SR	2006 SR
Directors' emoluments (see below)	109,966	134,088
Auditors remuneration	30,588	39,000
Interest paid	70,665	62,328
Depreciation	501,637	480,146
Subvention	(1,882,134)	(916,667)
Rental income	(949,700)	(623,200)
Sale of land	(260,000)	(140,000)
Interest received	(15,154)	(20,915)

### Directors' emoluments:

#### Fees:

F. Shroff	12,000	12,000
A. Moustache	4,800	4,800
P. Jean	1,600	-
G. Quatre	4,800	4,800
S. Remie	4,800	4,800
M. Figaro	4,800	4,800
	<hr/> 32,800	<hr/> 31,200

#### Other emoluments:

G. Payet	77,166	102,888
Total Emoluments	<hr/> 109,966	<hr/> 134,088

## 3. TAXATION

No provision is required for current taxation as the Company does not have taxable income as per the regulations of Business Tax 1987

## L'UNION ESTATE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

#### 4. FIXED ASSETS

<u>Cost</u>	Freehold land and buildings	Machinery			<u>Total</u> SR
		furniture and equipment	Vehicles	SR	
At 1 January 2007	14,199,877	4,201,627	476,363	4,201,627	18,877,868
Additions		45,000	386,175	45,000	431,175
Disposal /Write Off					-
At 31 December 2007	<u>14,199,877</u>	<u>4,246,627</u>	<u>862,538</u>	<u>4,246,627</u>	<u>19,309,043</u>

#### ACCUMULATED DEPRECIATION

At 1 January 2007	7,943,273	3,921,004	476,363	12,340,640
Charge for the year	380,484	105,062	16,091	501,636
Disposal /Write Off				
At 31 December 2007	<u>8,323,756</u>	<u>4,026,066</u>	<u>492,454</u>	<u>12,842,276</u>

#### Net book values

At 31 December 2007	<u>5,876,121</u>	<u>220,561</u>	<u>370,084</u>	<u>6,466,766</u>
At 31 December 2006	<u>6,256,604</u>	<u>280,623</u>	<u>-</u>	<u>6,537,228</u>

Freehold land and buildings at cost:

	2007	2006
	SR	SR
Freehold land	1,517,086	1,517,086
Freehold buildings	12,682,791	12,682,791
	<u>14,199,877</u>	<u>14,199,877</u>

# L'UNION ESTATE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 5. STOCKS AND WORK IN PROGRESS

	2007 SR	2006 SR
Work In Progress	926,592	-
Stock of livestock and feed	116,730	116,730
	<u>1,043,322</u>	<u>116,730</u>

### 6. RECEIVABLES

Trade debtors	2,683,146	2,999,746
Other debtors	88,280	88,280
	<u>2,771,426</u>	<u>3,088,026</u>

### 7. BANK OVERDRAFT

The bank overdraft is secured by a floating charge over the assets of the Company.

### 8. DEPOSITS

	2007 SR	2006 SR
Advances against sale of plots	<u>474,875</u>	<u>413,000</u>

### 9. ADVANCE

This represents the amount received from Ministry of Finance.

### 10. PAYABLES

	2007 SR	2006 SR
Trade creditors	-	-
Other creditors and accruals	4,793,140	4,462,519
	<u>4,793,140</u>	<u>4,462,519</u>

# L'UNION ESTATE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 11. SHARE CAPITAL

Authorised, issued and fully paid:

72,925 ordinary shares of SR 100 each	7,292,500	7,292,490
---------------------------------------	-----------	-----------

### 12. CAPITAL RESERVE

	2007 SR	2006 SR
<b>Surplus over cost of acquisition in respect of:</b>		
Abattoir building and equipment taken over on 1 January 1989	157,078	157,078
Boat Builders Limited liability no longer payable	1,615,649	1,615,649
Excess of assets over liabilities taken over L'Union Estate -		
on 1 January 1987	2,272,722	2,272,722
	4,045,449	4,045,449
Depreciation written back at 1 January	(2,718,231)	(2,620,510)
Depreciation written back at during the year	(86,631)	(97,721)
	1,240,587	1,327,218

### 13 GOVERNMENT GRANTS

	2007 SR	2006 SR
As at 1 January	2,320,414	2,461,038
Depreciation written back	(124,664)	(140,624)
As at 31 December	2,195,750	2,320,414

These represent the amounts received from Government of Seychelles for development and capital project purposes

### 14. CASH AND CASH EQUIVALENTS

	2007 SR	2006 SR
Cash and bank balances	1,039,240	1,142,669
Bank Overdraft	(842,445)	(907,843)
	196,794	234,826

# L'UNION ESTATE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> DECEMBER 2007

### 15. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2007 (2006: Nil).

### 16. CAPITAL EMOLUMENTS

There were no capital commitments either contracted for or approved by the directors but not contracted for as at 31 December 2007 (2006: Nil)

### FIVE YEAR FINANCIAL SUMMARY - 31 DECEMBER 2007

	2007 SR'000	2006 SR'000	2005 SR'000	2004 SR'000	2003 SR'000
Profit / Loss before taxation	109	(1,515)	(1,528)	111	(1,934)
Taxation	-	-	-	-	-
Profit / Loss before adjustment of depreciation	109	(1,515)	(1,528)	111	(1,934)
Depreciation written back	211	238	257	253	334
Accumulated loss brought forward	(6,685)	(5,408)	(4,136)	(4,500)	(2,901)
Accumulated loss carried forward	<u>(6,364)</u>	<u>(6,685)</u>	<u>(5,408)</u>	<u>(4,136)</u>	<u>(4,500)</u>
Share capital	7,293	7,293	7,293	7,293	7,293
Accumulated loss	(6,364)	(6,685)	(5,408)	(4,389)	(4,500)
Capital reserve	1,241	1,327	1,425	1,530	1,634
	<u>2,169</u>	<u>1,936</u>	<u>3,310</u>	<u>4,434</u>	<u>4,427</u>

**L'UNION ESTATE COMPANY LIMITED**

**DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDING 31 DECEMBER 2007**

	2007	2006
	SR	SR
<b>Net Income</b>		
Gross profit - Agricultural produce & Others	5,162,968	3,422,460
Profit on disposal of land	260,000	140,000
<b>Total Income</b>	<u>5,422,968</u>	<u>3,562,460</u>
<b>Overheads</b>		
Salaries / Wages	2,243,224	2,710,304
Director's Emoluments	33,060	29,640
Social Security	570,883	669,317
Pension	52,800	66,825
Staff Travelling	0	0
Compensation & Leave pay	882,135	285,291
Printing & Stationery	38,489	7,310
Telephone & Fax	45,214	49,295
Licences	4,778	4,077
Legal & Professionals Fees	17,000	6,000
Insurance	1,910	1,910
Electricity & Water	139,939	89,265
Fuel & Oil	50,005	37,335
Freight transport	11,540	5,720
Sundry expenses	36,649	40,558
Audit Fee	30,588	39,000
Hired labour	71,334	144,472
Equipment Hire	180,492	88,810
Repairs & Maintenance	288,042	183,607
Bank charges	43,592	21,745
Bank interest	70,665	62,328
Provision for Doubtful Debts	0	54,759
Depreciation	501,637	480,146
Total overheads	5,313,975	5,077,714
Net Profit before taxation	108,993	(1,515,254)

# L'UNION ESTATE COMPANY LIMITED

## TRADING ACCOUNT.

FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 SR	2006 SR
Sales	876,221	859,258
Cost of sales		
Opening stock-materials	117,450	117,450
Purchases- materials	910,260	901,224
	1,027,710	1,018,675
	(117,450)	(117,450)
	910,260	901,224
Gross Loss/Profit	(34,039)	(41,966)
Other Income:		
Government subvention	1,882,134	916,667
Rental Income	949,700 ✓	623,200
Miscellaneous income	11,750	6,950
Entrance fee	1,812,397	1,404,629
Road maintenance	388,800	432,000
Interest from banks	15,154	20,915
Landing fee	19,800	21,600
Reimbursement of hired labour	0	38,465
Exchange Gain (Loss)	117,273	0
<b>Net Trading Profit</b>	<b>5,162,968</b>	<b>3,422,460</b>