

**L'UNION ESTATE COMPANY LIMITED**

**OFFICERS' REPORT AND AUDITED FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2009**



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

---

### **INDEX**

	<b>PAGE</b>
DIRECTORS' REPORT	2 - 3
AUDITORS' REPORT	4 - 5
BALANCE SHEET	6
INCOME STATEMENT	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 17

## **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 2009.

#### **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, 2009 was SR 172,212 (2008: loss SR 113,562).

## 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, 2009 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



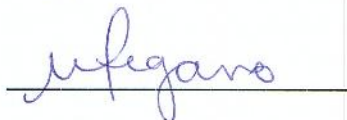
A. Moustache



G. Quatre



M. Figaro



PAYET  
P. Jean  
Payet.



Date: 7/10/2010

## **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 2009, 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 2009 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**

ACM & Associates Chartered Certified Accountants  
Rm 128 Oceagate House P. O. Box 1289  
Victoria, Mahe, Seychelles  
Tel: 610123 FAX: 610122  
Email: [acm@seychelles.sr](mailto:acm@seychelles.sr)

P O BOX 1289

VICTORIA

Date: 12 Oct 2010

# L'UNION ESTATE COMPANY LIMITED

## BALANCE SHEET – DECEMBER 31, 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		<u>SR</u>	<u>SR</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	<u>8,466,246</u>	<u>7,360,281</u>
<b>CURRENT ASSETS</b>			
Inventories and work in progress	6	<u>379,629</u>	<u>388,975</u>
Trade and other receivables	7	<u>493,614</u>	<u>2,995,800</u>
Cash at bank and in hand		<u>2,402,797</u>	<u>1,347,673</u>
		<u>3,276,041</u>	<u>4,732,448</u>
<b>TOTAL ASSETS</b>		<u><b>11,742,287</b></u>	<u><b>12,092,729</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Issued share capital	8	<u>7,292,500</u>	<u>7,292,500</u>
Reserves		<u>1,029,708</u>	<u>1,129,073</u>
Retained earnings		<u>(5,791,553)</u>	<u>(6,206,118)</u>
<b>TOTAL EQUITY</b>		<u><b>2,530,655</b></u>	<u><b>2,215,455</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	<u>6,473,343</u>	<u>6,995,316</u>
Bank overdraft		<u>-</u>	<u>681</u>
		<u>6,473,343</u>	<u>6,995,997</u>
<b>NON-CURRENT LIABILITIES</b>			
Government grant	10	<u>2,738,289</u>	<u>2,881,277</u>
<b>TOTAL LIABILITIES</b>		<u><b>9,211,632</b></u>	<u><b>9,877,274</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>11,742,287</b></u>	<u><b>12,092,729</b></u>

### 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, 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		SR	SR
Turnover	4(j)	3,046,225	1,594,473
Cost of sales		<u>(2,238,835)</u>	<u>(892,487)</u>
<b>Gross profit</b>		<b>807,390</b>	701,987
Other income		7,752,925	5,184,837
Profit on disposal of land		-	60,000
<b>Total income</b>		<b>8,560,315</b>	5,946,824
Administrative and general expenses		<u>(8,388,103)</u>	<u>(6,060,386)</u>
<b>Operating profit/(loss) and profit/(loss) before tax</b>		<b>172,212</b>	(113,562)
Tax		-	-
<b>Profit/(loss) for the year</b>		<b>172,212</b>	(113,562)

## L'UNION ESTATE COMPANY LIMITED

### STATEMENT OF CHANGES IN EQUITY – YEAR ENDED DECEMBER 31, 2009

	Issued share capital	Revenue deficit	Total
	SR	SR	SR
Balance at January 1, 2008	7,292,500	(6,364,543)	927,957
Profit and loss appropriation account		271,987	271,987
Loss for the year	-	(113,562)	(113,562)
Balance at December 31, 2008	<u>7,292,500</u>	<u>(6,206,118)</u>	<u>1,086,382</u>
Balance at January 1, 2009	7,292,500	(6,206,118)	1,086,382
Profit and loss appropriation account		242,353	242,353
Loss 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>

## L'UNION ESTATE COMPANY LIMITED

### STATEMENT OF CASH FLOWS – YEAR ENDED DECEMBER 31, 2009

	2009	2008
	SR	SR
<b>OPERATING ACTIVITIES</b>		
Profit/ (Loss) before tax	172,212	(113,561)
<i>Adjustment for:</i>		
- Depreciation	675,833	604,672
- Profit on disposal of land	-	(60,000)
- Interest	-	55,871
<i>Operating profit before working capital changes:-</i>	848,046	486,982
Inventories and work in progress	9,346	654,347
Accounts receivable	2,502,185	(187,373)
Accounts payable	(521,973)	1,690,300
<b>Cash outflow from operations</b>	<b>2,837,603</b>	<b>2,644,256</b>
Interest paid	-	(55,871)
<b>Net cash flow from operations</b>	<b>2,837,603</b>	<b>2,588,385</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of land	-	60,000
Depreciation written back	242,353	271,987
Decrease in capital reserve	(99,365)	(111,514)
Decrease in government grants	(142,988)	(160,472)
Purchase of fixed assets	(1,781,798)	(1,498,187)
<b>Net cash flow from Investing activities</b>	<b>(1,781,798)</b>	<b>(1,438,186)</b>
<b>FINANCING ACTIVITIES</b>		
<b>Net cash flow from financing activities</b>		-
<b>Net movement in cash and cash equivalents</b>	<b>1,055,805</b>	<b>1,150,198</b>
Cash and cash equivalents at January 1,	1,346,992	196,794
<b>Cash and cash equivalents at December 31,</b>	<b>2,402,797</b>	<b>1,346,992</b>
<b>Represented by:-</b>		
Cash in hand and at bank	2,402,797	1,347,673
Bank overdraft	-	(681)
	<b>2,402,797</b>	<b>1,346,992</b>

## **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.

### 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.

### **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 measureable.

##### **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, 2009	15,416,618	4,399,506	991,106	20,807,230
Additions	1,737,821	43,978	-	1,781,798
<b>Balance at December 31, 2009</b>	<b>17,154,439</b>	<b>4,443,484</b>	<b>991,106</b>	<b>22,589,028</b>
<u>Depreciation</u>				
Balance at January 1, 2009	8,704,927	4,136,953	605,069	13,446,949
Charge for the year	420,501	126,647	128,686	675,833
<b>Balance at December 31, 2009</b>	<b>9,125,428</b>	<b>4,263,599</b>	<b>733,755</b>	<b>14,122,782</b>
<b>Net book values:</b>				
At December 31, 2008	6,711,691	262,553	386,037	7,360,281
<b>At December 31, 2009</b>	<b>8,029,011</b>	<b>179,884</b>	<b>257,352</b>	<b>8,466,246</b>
Freehold land and buildings at cost is analysed as follows:			2009	2008
			SR	SR
Freehold land			1,517,086	1,517,086
Buildings			15,637,353	13,899,532
			<b>17,154,439</b>	<b>15,416,618</b>

#### 6. INVENTORIES

	2009	2008
	SR	SR
Inventories	363,730	388,975
Work in progress	15,899	-
	<b>379,629</b>	<b>388,975</b>

## L'UNION ESTATE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 7. TRADE RECEIVABLE

	2009	2008
	SR	SR
Trade receivables	472,234	2,907,520
Deposits	13,280	13,280
Advances	8,100	75,000
<b>Total</b>	<b>493,614</b>	<b>2,995,800</b>

#### 8. ISSUED SHARE CAPITAL

##### AUTHORISED AND ISSUED SHARE CAPITAL

	2009	2008
	SR	SR
72,925 ordinary shares of SR 100 each	7,292,500	7,292,500

#### 9. TRADE AND OTHER PAYABLES

	2009	2008
	SR	SR
Trade payables	68,916	1,072,806
Accruals	6,255,150	4,986,159
Trade tax payable	141,477	141,477
Others	7,800	794,875
<b>Total</b>	<b>6,473,343</b>	<b>6,995,317</b>

## L'UNION ESTATE COMPANY LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 10. GOVERNMENT GRANT

	2009	2008
	SR	SR
Balance at 1 January	2,881,277	3,041,750
Depreciation written back	(142,988)	(160,473)
Balance at 31 December	2,738,289	2,881,277

#### 11. TAXATION

According to the tax laws applicable in Seychelles, the first SR 250,000 is exempted. The remaining taxable profit is charged at 40%.

#### 12. 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, 2009 (2008: nil).

## L'UNION ESTATE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 SR	2008 SR
Agricultural income	3,046,225	1,594,473
Cost of sales:		
Opening stock	388,975	-
Purchases	2,213,590	1,281,462
	<u>2,602,565</u>	<u>1,281,462</u>
Closing stock	(363,730)	(388,975)
	<u>2,238,835</u>	<u>892,487</u>
<b>Gross Profit</b>	<b>807,390</b>	<b>701,987</b>
Other Income:		
Government subvention	363,209	-
Rental Income	674,551	618,975
Miscellaneous income	114,502	17,950
Entrance fee	6,565,864	3,871,390
Road maintenance	-	499,220
Landing fee	34,800	21,600
	<u>8,560,315</u>	<u>5,731,122</u>
<b>Gross profit - Agricultural produce and others</b>	<b>8,560,315</b>	<b>5,731,122</b>
Profit on disposal of land	-	60,000
Exchange Gain	(56,579)	155,702
	<u>8,503,737</u>	<u>5,946,824</u>
<b>Total Income</b>	<b>8,503,737</b>	<b>5,946,824</b>

## L'UNION ESTATE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009 (CONT'D)

		SR
<b>Total Income</b> (see page 16)	<b>8,503,737</b>	5,946,824
<b>Overheads:</b>		
Salaries and wages	3,885,906	2,841,607
Social security	542,044	541,113
Pension	54,700	62,900
Staff travelling	27,420	4,488
Compensation and leave pay	363,209	422,068
Other staff costs	45,100	-
Printing and stationery	17,400	13,000
Telephone and fax	55,212	34,838
Licences	12,790	6,656
Legal and professionals fees	90,982	-
Insurance	1,557	1,250
Electricity and water	353,043	165,765
Fuel and oil	159,622	121,135
Freight transport	151,620	18,220
Sundry expenses	355,330	114,573
Audit Fee	39,059	35,295
Hired labour	192,354	192,040
Equipment Hire	710,810	237,945
Repairs and maintenance	581,629	406,784
Bank charges	15,905	86,394
Bank interest	-	55,871
Provision for doubtful debts	-	93,772
Depreciation	675,833	604,672
<b>Total expenses</b>	<b>8,331,525</b>	6,060,386
<b>Net profit/(loss) before taxation</b>	<b>172,212</b>	(113,562)