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Company Registration No. 2219663 (England and Wales)

AVONSWORD LIMITED
DIRECTOR'S REPORT AND UNAUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009

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AVONSWORD LIMITED

COMPANY INFORMATION

Director	L I Isaacson
Secretary	Enterprise Administration Ltd
Company number	2219663
Registered office	5 Chalcot Crescent London NW1 8YE
Accountants	Greenback Alan LLP 11 Raven Wharf Lafone Street London SE1 2LR
Bankers	Barclays Bank Plc

AVONSWORD LIMITED

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AVONSWORD LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 JULY 2009

The director presents his report and financial statements for the year ended 31 July 2009.

Principal activities

The principal activity of the company is the acquisition, improvement and operation of freehold property at Monte da Palmeira, Algrave, Portugal.

Director

The following director has held office since 1 August 2008:

L I Isaacson

Statement of director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 those financial statements, the director is 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



.....
L I Isaacson

Director
.....

AVONSWORD LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF AVONSWORD LIMITED

In accordance with the engagement letter, and in order to assist you to fulfil your duties under the Companies Act 2006, we have compiled the financial statements of Avonsword Limited for the year ended 31 July 2009, set out on pages 3 to 8 from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters we have agreed to state to them in this 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 Board of Directors as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 July 2009 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 2006. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Greenback Alan LLP

Chartered Accountants

27 November 2009

11 Raven Wharf
Lafone Street
London
SE1 2LR

AVONSWORD LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2009

	Notes	2009 £	2008 £
Turnover		13,031	10,110
Administrative expenses		(29,801)	(17,416)
Operating loss	2	(16,770)	(7,306)
Interest payable and similar charges		(2,858)	(6,136)
Loss on ordinary activities before taxation		(19,628)	(13,442)
Tax on loss on ordinary activities	3	-	-
Loss for the year	8	(19,628)	(13,442)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

AVONSWORD LIMITED

BALANCE SHEET

AS AT 31 JULY 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	4		386,076		390,742
Current assets					
Debtors	5	34		2,387	
		34		2,387	
Creditors: amounts falling due within one year	6	(280,776)		(268,167)	
Net current liabilities			(280,742)		(265,780)
Total assets less current liabilities			105,334		124,962
Capital and reserves					
Called up share capital	7		365,100		365,100
Profit and loss account	8		(259,766)		(240,138)
Shareholders' funds - equity interests	9		105,334		124,962

For the financial year ended 31 July 2009 the company was entitled to exemption from audit under section 477 Companies Act 2006. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The director acknowledges his responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board and authorised for issue on 27 November 2009



L I Isaacson
Director

Company Registration No. 2219663

AVONSWORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover comprises the invoiced value of lettings supplied by the company.

1.4 Tangible fixed assets and depreciation

Freehold property and improvement expenditure are stated at cost in Euros and converted into Sterling at the rate of exchange in operation at the date on which the payment was made.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	1% reducing balance
Fixtures, fittings & equipment	10% reducing balance

1.5 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.6 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Operating loss	2009 £	2008 £
Operating loss is stated after charging:		
Depreciation of tangible assets	5,141	5,252
Loss on foreign exchange transactions	49	-
and after crediting:		
Profit on foreign exchange transactions	-	(4,197)

AVONSWORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

3	Taxation	2009	2008
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(19,628)	(13,442)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 20.00%)	(4,122)	(2,688)
	Effects of:		
	Depreciation add back	1,080	1,050
	Capital allowances	(385)	(441)
	Tax losses utilised	3,427	2,079
		4,122	2,688
	Current tax charge	-	-

The company has estimated losses of £ 167,406 (2008 - £ 155,572) available for carry forward against future trading profits.

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 August 2008	433,513	44,134	477,647
Additions	-	476	476
At 31 July 2009	433,513	44,610	478,123
Depreciation			
At 1 August 2008	55,957	30,948	86,905
Charge for the year	3,776	1,366	5,142
At 31 July 2009	59,733	32,314	92,047
Net book value			
At 31 July 2009	373,780	12,296	386,076
At 31 July 2008	377,556	13,186	390,742

AVONSWORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

5	Debtors	2009 £	2008 £
	Other debtors	<u>34</u>	<u>2,387</u>
6	Creditors: amounts falling due within one year	2009 £	2008 £
	Bank loans and overdrafts	<u>7</u>	<u>71,502</u>
	Other creditors	<u>280,769</u>	<u>196,665</u>
		<u>280,776</u>	<u>268,167</u>
7	Share capital	2009 £	2008 £
	Authorised		
	450,100 Ordinary shares of £1 each	<u>450,100</u>	<u>450,100</u>
	Allotted, called up and fully paid		
	365,100 Ordinary shares of £1 each	<u>365,100</u>	<u>365,100</u>
8	Statement of movements on profit and loss account		Profit and loss account £
	Balance at 1 August 2008		(240,138)
	Loss for the year		<u>(19,628)</u>
	Balance at 31 July 2009		<u>(259,766)</u>

AVONSWORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2009

9 Reconciliation of movements in shareholders' funds	2009	2008
	£	£
Loss for the financial year	(19,628)	(13,442)
Opening shareholders' funds	124,962	138,404
	<hr/>	<hr/>
Closing shareholders' funds	105,334	124,962
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10 Control

The company is controlled by L Isaacson, the director of the company, by virtue of his holding 100% of the company's issued share capital.

11 Related party transactions

Other creditors includes an interest free loan of £279,219 (2008: £195,261) from L Isaacson who is the director of the company. No date for repayment has been set.