

Company Registration No. 2025957 (England and Wales)

THE ISLAND TRADING COMPANY LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002



THE ISLAND TRADING COMPANY LIMITED

COMPANY INFORMATION

Director	S N Newman
Secretary	R Ramus
Company number	2025957
Registered office	Suite 10 500 Chiswick High Road London W4 5RG
Auditors	Newman and Company Regent House 1 Pratt Mews London NW1 0AD

THE ISLAND TRADING COMPANY LIMITED

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THE ISLAND TRADING COMPANY LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2002

The director presents her report and financial statements for the year ended 30 June 2002.

Principal activities

The principal activity of the company continued to be that of the provision of management services and the rental of properties.

Director

The following director has held office since 1 July 2001:

S N Newman

Director's interests

The director's interest in the shares of the company was as stated below:

	ordinary shares of £1 each	
	30 June 2002	1 July 2001
S N Newman	-	-

Auditors

KPMG LLC resigned as auditors on 25 March 2004. Newman and Company were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She 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 of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



S N Newman

Director

15 June 2004

THE ISLAND TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE ISLAND TRADING COMPANY LIMITED

We have audited the financial statements of THE ISLAND TRADING COMPANY LIMITED on pages 3 to 8 for the year ended 30 June 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 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.

Respective responsibilities of the director and auditors

As described in the statement of director's responsibilities on page 1 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the director's report is not consistent with the financial statements, if 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report 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 United Kingdom Auditing Standards 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 director 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.

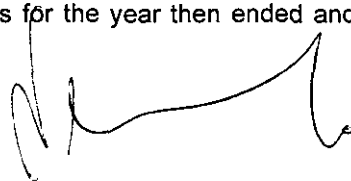
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 of the state of the company's affairs as at 30 June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Newman and Company

Chartered Accountants
Registered Auditor



15 June 2004

Regent House
1 Pratt Mews
London
NW1 0AD

THE ISLAND TRADING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

	Notes	2002 £	2001 £
Turnover		89,435	187,817
Administrative expenses		(200,693)	(413,503)
Operating loss	2	(111,258)	(225,686)
Other interest receivable and similar income		52	777
Loss on ordinary activities before taxation		(111,206)	(224,909)
Tax on loss on ordinary activities	3	2,476	(3,849)
Loss on ordinary activities after taxation	9	(108,730)	(228,758)

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.

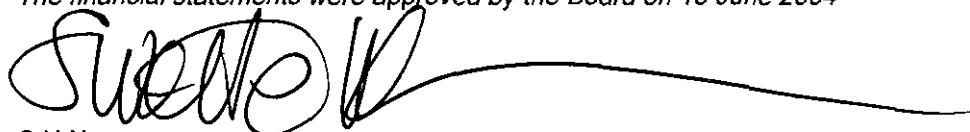
THE ISLAND TRADING COMPANY LIMITED

BALANCE SHEET AS AT 30 JUNE 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	4	2,095,728		2,150,668	
Current assets					
Debtors	5	199,164		234,917	
Cash at bank and in hand		188		9,488	
		<u>199,352</u>		<u>244,405</u>	
Creditors: amounts falling due within one year	6	<u>(139,079)</u>		<u>(142,900)</u>	
Net current assets		<u>60,273</u>		<u>101,505</u>	
Total assets less current liabilities		<u>2,156,001</u>		<u>2,252,173</u>	
Creditors: amounts falling due after more than one year	7	<u>(3,919,733)</u>		<u>(3,907,175)</u>	
		<u>(1,763,732)</u>		<u>(1,655,002)</u>	
Capital and reserves					
Called up share capital	8	100		100	
Profit and loss account	9	<u>(1,763,832)</u>		<u>(1,655,102)</u>	
Shareholders' funds - equity interests	10	<u>(1,763,732)</u>		<u>(1,655,002)</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.

The financial statements were approved by the Board on 15 June 2004



S N Newman
Director

THE ISLAND TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis. This basis has been adopted on the grounds that the director has received an assurance from the company's ultimate holding company that it will continue to provide such financial support as the company may require to enable it to meet its liabilities as they fall due.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow 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 accounting standards.

1.3 Turnover

Turnover represents rental income and fees net of Value Added Tax.

1.4 Tangible fixed assets and depreciation

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	2% straight line
Fixtures, fittings & equipment	10% or 20% straight line

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

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

	2002	2001
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	54,940	56,496
Loss on foreign exchange transactions	156	187,503
Auditors' remuneration	5,000	3,000

THE ISLAND TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

3	Taxation	2002	2001
		£	£
	Domestic current year tax		
	Adjustment for prior years	(2,476)	3,849
	Current tax charge	(2,476)	3,849
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(111,206)	(224,909)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2001: 0.00%)	-	-
	Effects of:		
	Adjustments to previous periods	(2,476)	3,849
		(2,476)	3,849
	Current tax charge	(2,476)	3,849
4	Tangible fixed assets		
		Land and buildings Freehold £	Fixtures, fittings & equipment £
			Total £
	Cost		
	At 1 July 2001 & at 30 June 2002	2,555,342	108,709
	Depreciation		
	At 1 July 2001	424,701	88,682
	Charge for the year	51,106	3,834
	At 30 June 2002	475,807	92,516
	Net book value		
	At 30 June 2002	2,079,535	16,193
	At 30 June 2001	2,130,641	20,027

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

5	Debtors	2002 £	2001 £
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	166,193	193,186
	Other debtors	32,971	41,731
		<u>199,164</u>	<u>234,917</u>
6	Creditors: amounts falling due within one year	2002 £	2001 £
	Bank loans and overdrafts	28,853	18,489
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	91,466	73,594
	Taxation and social security	4,119	11,245
	Other creditors	14,641	39,572
		<u>139,079</u>	<u>142,900</u>
7	Creditors: amounts falling due after more than one year	2002 £	2001 £
	Other creditors	<u>3,919,733</u>	<u>3,907,175</u>
8	Share capital	2002 £	2001 £
	Authorised		
	100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

THE ISLAND TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2001	(1,655,102)
Retained loss for the year	(108,730)
	<u> </u>
Balance at 30 June 2002	(1,763,832)
	<u> </u>

10 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Loss for the financial year	(108,730)	(228,758)
Opening shareholders' funds	(1,655,002)	(1,426,244)
	<u> </u>	<u> </u>
Closing shareholders' funds	(1,763,732)	(1,655,002)
	<u> </u>	<u> </u>

11 Control

The company is a subsidiary undertaking of Island International Limited, a company incorporated in the Bahamas. The ultimate controlling party is not known.

12 Related party transactions

Included in debtors are amounts owed by the following related companies:

Raybeck Limited £111,538 (2001:£123,588)

Island Trading Inc £32,467 (2001:£29,238)

Island Pictures Limited £12,969 (2001:£10,869)

Island Outpost Limited £9,219 (2001: Nil).

Included in creditors are amounts owed to the following related companies

Island Communications Limited £69,468 (2001:£73,594)

Palm Pictures Limited £21,998 (2001: Debtor of £29,491)

At the year end the company had a loan with its parent company, Island International Limited. This is a sterling loan and is interest free. The balance outstanding at the year end was £3,919,733 (2001:£3,907,175).