

Company Registration No. 2025957 (England and Wales)

THE ISLAND TRADING COMPANY LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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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 2007

The director presents her report and financial statements for the year ended 30 June 2007.

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 2006:

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 2007	1 July 2006
S N Newman	-	-

Auditors

In accordance with the Company's Articles, a resolution proposing that Newman and Company be reappointed as auditors of the company will be put at a General Meeting.

THE ISLAND TRADING COMPANY LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2007

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 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.

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that she ought to have taken as director in order to make herself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

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

21 May 2009

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 for the year ended 30 June 2007 set out on pages 5 to 10. These financial statements have been prepared under 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 auditors' 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

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the director's report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

THE ISLAND TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF THE ISLAND TRADING COMPANY LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the director's report is consistent with the financial statements.

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures concerning the appropriateness of the going concern basis on which the accounts have been prepared. We have received assurances of continuing financial support but the recoverability of the amounts due from other group undertakings cannot be confirmed. Our opinion is not qualified in this respect. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.



Newman and Company

13 July 2009

Chartered Accountants
Registered Auditor

Regent House
1 Pratt Mews
London
NW1 0AD

THE ISLAND TRADING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 £	2006 £
Turnover		391	11,608
Administrative expenses		(107,533)	(71,708)
Operating loss	2	(107,142)	(60,100)
Other interest receivable and similar income	3	701	-
Interest payable and similar charges		(14,696)	-
Loss on ordinary activities before taxation		(121,137)	(60,100)
Tax on loss on ordinary activities	4	-	-
Loss for the year	10	(121,137)	(60,100)

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

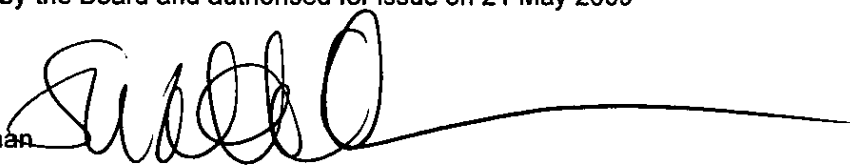
AS AT 30 JUNE 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	5	1,691,027		1,698,932	
Current assets					
Debtors	6	121,910		125,473	
Cash at bank and in hand		67,942		4,313	
		<u>189,852</u>		<u>129,786</u>	
Creditors: amounts falling due within one year	7	<u>(1,237,890)</u>		<u>(261,199)</u>	
Net current liabilities		<u>(1,048,038)</u>		<u>(131,413)</u>	
Total assets less current liabilities		642,989		1,567,519	
Creditors: amounts falling due after more than one year	8	<u>(2,864,783)</u>		<u>(3,668,176)</u>	
		<u>(2,221,794)</u>		<u>(2,100,657)</u>	
Capital and reserves					
Called up share capital	9	100		100	
Profit and loss account	10	<u>(2,221,894)</u>		<u>(2,100,757)</u>	
Shareholders' funds	11	<u>(2,221,794)</u>		<u>(2,100,657)</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.

Approved by the Board and authorised for issue on 21 May 2009

S N Newman
Director



THE ISLAND TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents rental income and fees receivable 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% straight line

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	2007 £	2006 £
Operating loss is stated after charging:		
Depreciation of tangible assets	51,277	50,306
Loss on foreign exchange transactions	1,653	-
Auditors' remuneration	6,000	5,000
	<u> </u>	<u> </u>

THE ISLAND TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

3	Investment income	2007 £	2006 £
	Bank interest	701	-
		<u>701</u>	<u>-</u>

4	Taxation
	On the basis of these financial statements no provision has been made for corporation tax.

5	Tangible fixed assets	Land and buildings £	Fixtures & equipment £	Total £
	Cost			
	At 1 July 2006	2,323,527	108,709	2,432,236
	Additions	-	43,372	43,372
		<u>2,323,527</u>	<u>152,081</u>	<u>2,475,608</u>
	At 30 June 2007			
	Depreciation			
	At 1 July 2006	625,451	107,853	733,304
	Charge for the year	46,471	4,806	51,277
		<u>671,922</u>	<u>112,659</u>	<u>784,581</u>
	At 30 June 2007			
	Net book value			
	At 30 June 2007	<u>1,651,605</u>	<u>39,422</u>	<u>1,691,027</u>
	At 30 June 2006	<u>1,698,076</u>	<u>856</u>	<u>1,698,932</u>

6	Debtors	2007 £	2006 £
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	108,118	107,501
	Other debtors	13,792	17,972
		<u>121,910</u>	<u>125,473</u>

THE ISLAND TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

7	Creditors: amounts falling due within one year	2007 £	2006 £
	Bank loans and overdrafts	947,164	-
	Trade creditors	15,537	-
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	259,592	254,699
	Other creditors	15,597	6,500
		<u>1,237,890</u>	<u>261,199</u>

The bank loan is repayable on demand by the bank. Interest is levied at 2.5% over the Bank's Currency Base Rate for United States Dollars.

8	Creditors: amounts falling due after more than one year	2007 £	2006 £
	Other creditors	<u>2,864,783</u>	<u>3,668,176</u>

9	Share capital	2007 £	2006 £
	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>

10	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 July 2006	(2,100,757)
	Loss for the year	<u>(121,137)</u>
	Balance at 30 June 2007	<u>(2,221,894)</u>

THE ISLAND TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

11 Reconciliation of movements in shareholders' funds	2007 £	2006 £
Loss for the financial year	(121,137)	(60,100)
Opening shareholders' funds	(2,100,657)	(2,040,557)
	<hr/>	<hr/>
Closing shareholders' funds	(2,221,794)	(2,100,657)
	<hr/>	<hr/>

12 Contingent liabilities

During the year the company entered into a foreign currency loan arrangement with the company bankers. The liability will be subject to exchange fluctuations which may have a material impact on the balance sheet in future years.

13 Control

The company considers its ultimate holding company to be Island International Limited, a company incorporated in the Bahamas.

14 Related party transactions

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

Palm Pictures Limited £108,118 (2006:£107,501).

Included in creditors are amounts owed to the following companies:

Raybeck Limited £226,031 (2006:£226,363)

Island Trading Inc £33,561 (2006:£28,336).

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 £2,864,783 (2006:£3,668,176).