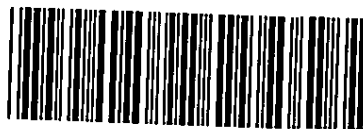


Company Registration No. 02025957 (England and Wales)

**THE ISLAND TRADING COMPANY LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

THURSDAY



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# THE ISLAND TRADING COMPANY LIMITED

## COMPANY INFORMATION

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<b>Director</b>	S N Newman
<b>Secretary</b>	R Ramus
<b>Company number</b>	02025957
<b>Registered office</b>	Suite G06 85 - 87 Bayham Street London NW1 0AG
<b>Auditors</b>	Newman and Company Regent House 1 Pratt Mews London NW1 0AD

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# THE ISLAND TRADING COMPANY LIMITED

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# THE ISLAND TRADING COMPANY LIMITED

## DIRECTOR'S REPORT

**FOR THE YEAR ENDED 30 JUNE 2009**

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The director presents her report and financial statements for the year ended 30 June 2009

### 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 2008

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 2009	1 July 2008
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

### Statement of director's responsibilities

The director is responsible for preparing the Director's Report and 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). Under company law the director must not approve the financial statements unless she is satisfied that she 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

# THE ISLAND TRADING COMPANY LIMITED

## DIRECTOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2009**

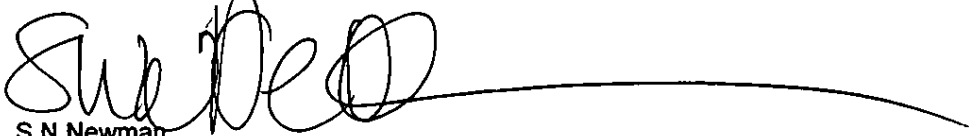
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### Statement of disclosure to auditors

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 relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

A handwritten signature in black ink, appearing to read 'S N Newman', followed by a long horizontal line extending to the right.

S N Newman

**Director**

15 October 2010

# **THE ISLAND TRADING COMPANY LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF THE ISLAND TRADING COMPANY LIMITED**

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We have audited the financial statements of THE ISLAND TRADING COMPANY LIMITED for the year ended 30 June 2009 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 director and auditors**

As explained more fully in the Director's Responsibilities Statement set out on pages 1 - 2, the director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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 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. However, income previously reported in a related undertaking is now being recorded as turnover in the company. This has been reported on a receipts basis. We have been unable to determine by any other audit procedures as to whether this income is complete. Furthermore, in the course of our audit we have not been able to ascertain as to whether the company operates an adequate system of internal controls. Due to the significance of these matters, we have been unable to form a view on the financial statements. 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 MEMBERS OF THE ISLAND TRADING COMPANY LIMITED

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#### **Disclaimer on view given by the financial statements**

Because of the significance of the matters referred to above, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2009 or of its loss for the year then ended Notwithstanding the matter referred to above -

In our opinion the financial statements

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **Emphasis of matter**

In forming our opinion on the financial statements 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

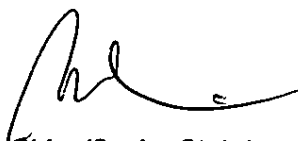
#### **Opinion on other matter prescribed by the Companies Act 2006**

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the directors's report is consistent with the financial statements

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Feng Chin (Senior Statutory Auditor)**  
for and on behalf of Newman and Company

15 October 2010

**Chartered Accountants**  
**Statutory Auditor**

Regent House  
1 Pratt Mews  
London  
NW1 0AD

# THE ISLAND TRADING COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	2009 £	2008 £
Turnover		277,062	110,091
Administrative expenses		(1,173,554)	(498,755)
<b>Operating loss</b>	<b>2</b>	<b>(896,492)</b>	<b>(388,664)</b>
Other interest receivable and similar income	<b>3</b>	1,444	1,568
Interest payable and similar charges		(58,672)	(16,097)
<b>Loss on ordinary activities before taxation</b>		<b>(953,720)</b>	<b>(403,193)</b>
Tax on loss on ordinary activities	<b>4</b>	-	-
<b>Loss for the year</b>	<b>11</b>	<b>(953,720)</b>	<b>(403,193)</b>

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

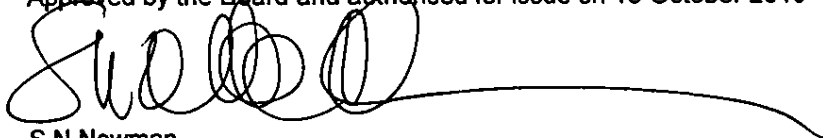
## BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	2009 £	£	2008 £	£
<b>Fixed assets</b>					
Tangible assets	5	1,604,211		1,654,820	
<b>Current assets</b>					
Debtors	6	48,545		89,379	
Cash at bank and in hand		63,564		52,247	
		<u>112,109</u>		<u>141,626</u>	
<b>Creditors, amounts falling due within one year</b>	7	<u>(3,327,969)</u>		<u>(1,698,289)</u>	
<b>Net current liabilities</b>		<u>(3,215,860)</u>		<u>(1,556,663)</u>	
<b>Total assets less current liabilities</b>		<u>(1,611,649)</u>		<u>98,157</u>	
<b>Creditors' amounts falling due after more than one year</b>	8	<u>(1,967,058)</u>		<u>(2,723,144)</u>	
		<u>(3,578,707)</u>		<u>(2,624,987)</u>	
<b>Capital and reserves</b>					
Called up share capital	10	100		100	
Profit and loss account	11	<u>(3,578,807)</u>		<u>(2,625,087)</u>	
<b>Shareholders' funds</b>	12	<u>(3,578,707)</u>		<u>(2,624,987)</u>	

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 15 October 2010



S N Newman  
Director

Company Registration No. 02025957

# THE ISLAND TRADING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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### 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
Motor vehicles	25% straight line

#### 1.5 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.6 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.

#### 1.7 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.

# THE ISLAND TRADING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2009

2	Operating loss	2009 £	2008 £
	Operating loss is stated after charging		
	Depreciation of tangible assets	56,004	55,851
	Loss on foreign exchange transactions	200,294	6,549
	Auditors' remuneration	17,000	9,000
	Director's emoluments	120,000	70,000

3	Investment income	2009 £	2008 £
	Bank interest	1,444	1,568
		<u>1,444</u>	<u>1,568</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 £
	<b>Cost</b>			
	At 1 July 2008	2,323,527	171,725	2,495,252
	Additions	-	5,395	5,395
	At 30 June 2009	<u>2,323,527</u>	<u>177,120</u>	<u>2,500,647</u>
	<b>Depreciation</b>			
	At 1 July 2008	718,393	122,039	840,432
	Charge for the year	46,471	9,533	56,004
	At 30 June 2009	<u>764,864</u>	<u>131,572</u>	<u>896,436</u>
	<b>Net book value</b>			
	At 30 June 2009	<u>1,558,663</u>	<u>45,548</u>	<u>1,604,211</u>
	At 30 June 2008	<u>1,605,134</u>	<u>49,686</u>	<u>1,654,820</u>

# THE ISLAND TRADING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2009

6 Debtors	2009 £	2008 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	44,795	77,879
Other debtors	3,750	11,500
	<u>48,545</u>	<u>89,379</u>
7 Creditors: amounts falling due within one year	2009 £	2008 £
Bank loans and overdrafts	1,925,669	1,266,030
Amounts owed to group undertakings and undertakings in which the company has a participating interest	187,797	195,761
Taxation and social security	195,884	75,413
Other creditors	1,018,619	161,085
	<u>3,327,969</u>	<u>1,698,289</u>
The bank loan is repayable on demand by the bank. Interest is levied at 2.5% over the LIBOR. The bank holds a legal charge over the assets of the company.		
8 Creditors: amounts falling due after more than one year	2009 £	2008 £
Other creditors	<u>1,967,058</u>	<u>2,723,144</u>
9 Pension and other post-retirement benefit commitments Defined contribution	2009 £	2008 £
Contributions payable by the company for the year	<u>4,509</u>	<u>681</u>

# THE ISLAND TRADING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2009

10 Share capital	2009	2008
	£	£
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	100	100
11 Statement of movements on profit and loss account		<b>Profit and loss account £</b>
Balance at 1 July 2008		(2,625,087)
Loss for the year		(953,720)
Balance at 30 June 2009		(3,578,807)
12 Reconciliation of movements in shareholders' funds	2009	2008
	£	£
Loss for the financial year	(953,720)	(403,193)
Opening shareholders' funds	(2,624,987)	(2,221,794)
Closing shareholders' funds	(3,578,707)	(2,624,987)

### 13 Control

The company considers its ultimate holding company to be Island International Limited, a company incorporated in the Bahamas. The ultimate shareholder of Island International Limited is Butterfield Bank (Bahamas) Limited as trustee of the Island Settlement.

# **THE ISLAND TRADING COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2009**

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### **14 Related party transactions**

Included in debtors are amounts owed by the following related companies

Palm Pictures Limited £44,795 (2008 £77,879)

Included in creditors are amounts owed to the following companies

Raybeck Limited £159,486 (2008 £162,220)

Island Trading Inc £28,311 (2008 £33,561)

Blue Mountain Music Limited £999,119 (2008 £147,585)

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 £1,967,058 (2008 £2,723,143)