

**BC TRADING INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**BC TRADING INTERNATIONAL LIMITED**  
**COMPANY INFORMATION**

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**DIRECTORS**

<b>Directors</b>	<b>Date appointed</b>	<b>Date resigned</b>
C O Clear	Continuing from 31.3.07	18.01.08
G A Lemos	Continuing from 31.3.07	28.01.08
M S Davidson	Continuing from 31.3.07	18.02.08
M Mayne	Continuing from 31.3.07	23.01.08
C Stephens	Continuing from 31.3.07	-
M Robson	18.02.08	-
K Gavan	18.02.08	-
K Board	18.02.08	-
A White	18.02.08	-

**SECRETARY**

<b>Secretary</b>	<b>Date appointed</b>	<b>Date resigned</b>
M Lotten	Continuing from 31.3.07	18.02.08
D Robinson	18.02.08	-

**COMPANY NUMBER**                      5093170

**REGISTERED OFFICE**                      10 Spring Gardens  
London  
SW1A 2BN

**AUDITORS**                                      Horwath Clark Whitehill LLP  
Chartered Accountants & Registered Auditors  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

**BC TRADING INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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The directors present their report and the financial statements for the year ended 31 March 2008.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

BC Trading International Limited was incorporated on 5 April 2004 as a wholly owned subsidiary of the British Council and is a company limited by shares. It was established to carry out general commercial activities which, in the period under review was predominantly sponsorship income generated by British Council events. All profits from such activities are paid by gift aid to the British Council.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation amounted to £3,228.

The directors have agreed to donate £595,000 to the British Council by Gift Aid.

**DIRECTORS**

The directors who served during the year were:

<b>Directors</b>	<b>Date appointed</b>	<b>Date resigned</b>
C O Clear	Continuing from 31.3.07	18.01.08
G A Lemos	Continuing from 31.3.07	28.01.08
M S Davidson	Continuing from 31.3.07	18.02.08
M Mayne	Continuing from 31.3.07	23.01.08
C Stephens	Continuing from 31.3.07	-
M Robson	18.02.08	-
K Gavan	18.02.08	-
K Board	18.02.08	-
A White	18.02.08	-

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 at the end of the year and of the profit or loss of the company for the 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the group 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 him to ensure that the financial statements comply with the Companies Act 1985. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

**BC TRADING INTERNATIONAL LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transactions or arrangements, in accordance with generally accepted accounting principles or practice.

So far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware and each of the directors have taken all the steps that they ought to have taken as directors in order to make the auditors aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to smaller entities.

**AUDITORS**

The auditors, Horwath Clark Whitehill LLP, will be considered for reappointment in accordance with section 385 of the Companies Act 1985 subject to review by the National Audit Office.

By Order of the Board

D Robinson  
Secretary

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BC TRADING INTERNATIONAL LIMITED

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We have audited the financial statements of BC Trading International Limited for the year ended 31 March 2008. 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 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 directors and auditors**

The directors' 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 Directors' 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 Directors' 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 directors' remuneration and other transactions is not disclosed. We read the Directors' 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 judgments made by the directors 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit 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 directors' report is consistent with the financial statements.

<b>Horwath Clark Whitehill LLP</b> Chartered Accountants and Registered Auditors Date	St Bride's House 10 Salisbury Square London EC4A 3LN
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**BC TRADING INTERNATIONAL LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 £	2007 £
<b>TURNOVER</b>		<b>1,692,982</b>	1,427,615
Cost of sales		<u>(967,365)</u>	<u>(644,826)</u>
<b>GROSS PROFIT</b>		<b>725,617</b>	782,789
Administrative expenses		<u>(128,247)</u>	<u>(180,479)</u>
<b>OPERATING PROFIT</b>		<b>597,370</b>	602,310
Gift Aid donation to the British Council		<b>(595,000)</b>	(605,000)
Interest receivable	2	<u>1,666</u>	<u>4,708</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>4,036</b>	2,018
Tax on profit on ordinary activities	3	<b>(808)</b>	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b><u>3,228</u></b>	<b><u>2,018</u></b>

There were no recognised gains and losses for 2008 other than those included in the profit and loss account.

**BC TRADING INTERNATIONAL LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2008**

	Notes	2008	2007
		£	£
<b>CURRENT ASSETS</b>			
Debtors	4	<b>284,571</b>	218,282
Cash at bank	5	<b>201,950</b>	714,509
		<b>486,521</b>	932,791
<b>CREDITORS:</b> amounts falling due within one year	6	<b>(475,057)</b>	(924,555)
<b>NET CURRENT ASSETS</b>		<b>11,464</b>	8,236
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,464</b>	8,236
<b>CAPITAL AND RESERVES</b>			
Called up share capital		<b>100</b>	100
Profit and loss account		<b>11,364</b>	8,136
<b>SHAREHOLDERS' FUNDS – All Equity</b>	7	<b>11,464</b>	8,236

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to smaller entities.

The financial statements were approved by the board on 15<sup>th</sup> May 2008 and signed on its behalf by:

Mark Robson  
Director and Chair

**BC TRADING INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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**1. ACCOUNTING POLICIES**

**(i) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

**(ii) Cash flow**

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.

**(iii) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

Income is recognised for sponsorship and service contract income as entitlement is earned through completion of the contract. Where entitlement to the full contract value has not been earned at the year end, the amount not yet earned is deferred.

**(iv) Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**(v) Expenditure**

Cost of sales relates to the direct costs of services provided. Administration expenditure relates to the cost of staff and related overheads

**(vi) Gift Aid**

Provision has been made for Gift Aid payments to the British Council, its only member, in accordance with a pre-agreement.

**2. INTEREST RECEIVABLE**

This is the interest receivable on money market investment.

	<b>2008</b>	<b>2007</b>
	£	£
On money market investment	<u>1,666</u>	<u>4,708</u>

**BC TRADING INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**3. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2008</b>	<i>2007</i>
	£	£
Tax on profit for ordinary activities	<b>808</b>	-

- 20% Corporation tax provided on the profit before taxation.

**4. DEBTORS**

	<b>2008</b>	<i>2007</i>
	£	£
VAT	<b>20,473</b>	-
Trade debtors	<b>264,098</b>	218,282
	<b>284,571</b>	218,282

**5. CASH AT BANK**

	<b>2008</b>	<i>2007</i>
	£	£
HSBC – GBP account	<b>108,080</b>	566,522
HSBC – Euro account	<b>75,467</b>	86,536
HSBC – Dollar account	<b>18,403</b>	61,632
	<b>201,950</b>	714,509

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2008</b>	<i>2007</i>
	£	£
Corporation tax	<b>808</b>	-
VAT	-	25,382
Amounts owed to group undertakings	<b>428,073</b>	843,785
Accruals and deferred income	<b>46,176</b>	55,388
	<b>475,057</b>	924,555

**BC TRADING INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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**7. SHAREHOLDERS' FUNDS**

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2008</b>	<i>2007</i>
	£	£
<b>Share Capital</b>		
Authorised, allotted, called up and not paid 100 Ordinary Shares of £1 each	<b>100</b>	<i>100</i>
Opening Profit and loss account	<b>8,136</b>	<i>6,118</i>
Profit for the year	<b>3,228</b>	<i>2,018</i>
	<hr/>	<hr/>
Closing shareholders' funds	<b>11,464</b>	<i>8,236</i>

**8. RELATED PARTY TRANSACTIONS**

During the year, the company had the following transactions with the British Council:-

Management charges	£115,988
Royalty charge for use of the British Council name and logo	£63,028

The amount outstanding at the year end is as disclosed in note 6.

£595,000 was donated to the British Council under Gift Aid.

**9. AUDITORS' REMUNERATION**

	<b>2008</b>	<i>2007</i>
	£	£
Auditors' remuneration - audit	<b>5,950</b>	<i>4,300</i>
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