



**Isles of Scilly Steamship Company
Limited**

**Summary financial statements
6 month period ended
30 September 2015**

Isles of Scilly Steamship Company Limited

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Isles of Scilly Steamship Company Limited

Directors' Report

Introduction

The first six months of 2015 saw a further increase in total passenger numbers of 2.7% (2014: 6.1%) despite higher than average rainfall and lower than average temperatures for the Summer of 2015. However, these overall passenger figures hid a more complex and encouraging position for the Isles of Scilly visitor market. Whilst there was a weather-related decrease of 11.9% in day trips this was outweighed by a 7.5% increase in the larger and higher value, "staying" visitors market to the Isles of Scilly.

Financial & Operational Review

Turnover for the half year ended 30 September 2015 increased by 7.6% (2014: 18.3%) to £13,058,983 (2014: £12,132,978). The 2.7% increase in passenger numbers for the period ended 30 September 2015 contributed to this increase in Group revenue together with changing passenger mix and yield.

Gross Profit increased by 19.5% (2014: 36.0%) to £4,146,274 (2014: £3,470,758). The Group continues to focus on improving efficiencies and this is highlighted by the increase in gross profit percentage to 31.7% (2014: 28.6%). Profit before tax at £4,152,827 (2014: £3,478,234) was 19.4% higher than in the previous half year (2014: 34.7%). The improvement in profit is in line with the Group's strategic objectives that will enable it to reinvest in replacement air and sea assets on an ongoing basis.

The Group's balance sheet continues to strengthen. Fixed Assets increased since the year end by £210,545 to £12,009,772. The Group invested in an additional Britten Norman Islander aircraft to provide additional capacity to meet forecast passenger growth. The significant increase in stock since the 31 March 2015 is due to the purchase of a new set of Twin Otter wings which are scheduled to be fitted in December 2015. Cash held at the end of the first half decreased by £530,426 over the past six months to £3,678,411 as expected. Cash has increased by £1,959,410 since September 2014 following the significant investment at Land's End Airport in Summer 2014. Group net assets increased to £14,867,100 at 30 September 2015 compared to £10,761,873 at 31 March 2015.

Outlook

Trading performance in the second half of the year is always significantly below the first half levels due to the seasonal nature of the visitor market to the Isles of Scilly. Turnover in the second half of the previous year was £4,173,231.

The improving trend in passenger numbers continued in October with volume increasing by 16.16% for the month across all modes when compared to the previous year. However, bookings and traffic has been softer moving into the start of the low-volume winter period which has been adversely impacted by further poor weather.

The preliminary results of the actuarial valuation for the Merchant Navy Officers Pension Fund as at the 31 March 2015 have been reported. The purposes of the actuarial valuation are to review the financial position of the Fund relative to its statutory funding objective and to determine the appropriate level of future contributions. The preliminary valuation reported a gross deficit of £320M an increase of £5M. The Trustee has indicated that Participating Employers will not be asked to make contributions to address the increase in deficit.

The proposal to introduce an enhanced landing system at Land's End Airport was endorsed by a recent public consultation process and has been submitted to the Civil Aviation Authority. It is hoped that full approval will be given in time for implementation in Spring 2016. This will allow Skybus to operate in reduced visibility conditions further improving the reliability of our flight operations.

Finally, I would like to thank all of our staff for their dedication and commitment during an extremely busy summer period.

Rob Goldsmith

CEO

17 December 2015

Isles of Scilly Steamship Company Limited

Consolidated profit and loss account

For the period ended 30 September 2015

	6 months to 30 September 2015 £	6 months to 30 September 2014 £	Year to 31 March 2015 £
Turnover	13,058,983	12,132,978	16,306,209
Cost of sales	(8,912,709)	(8,662,219)	(14,990,617)
	—————	—————	—————
Gross profit	4,146,274	3,470,758	1,315,592
Other operating income	-	-	42,693
	—————	—————	—————
Operating profit	4,146,274	3,470,758	1,358,285
Other interest receivable and similar income	6,553	7,476	9,735
	—————	—————	—————
Profit on ordinary activities before taxation	4,152,827	3,478,234	1,368,020
Taxation	(47,600)	14,891	(41,438)
	—————	—————	—————
Profit on ordinary activities after taxation	4,105,227	3,493,125	1,326,582
	=====	=====	=====

Isles of Scilly Steamship Company Limited

Consolidated balance sheet

As at 30 September 2015

	30 September 2015 £	30 September 2014 £	31 March 2015 £
Fixed assets			
Intangible assets	48,582	-	54,082
Tangible assets	11,961,190	10,902,166	11,745,145
	<u>12,009,772</u>	<u>10,902,166</u>	<u>11,799,227</u>
Current assets			
Stocks	1,822,672	1,010,186	1,134,620
Debtors	2,144,224	2,416,191	1,774,324
Cash at bank and in hand	3,678,411	1,719,001	4,208,837
	<u>7,645,307</u>	<u>5,145,378</u>	<u>7,117,781</u>
Creditors: amounts falling due within one year	<u>(3,314,674)</u>	<u>(2,778,702)</u>	<u>(6,853,205)</u>
Net current assets	<u>4,330,633</u>	<u>2,366,676</u>	<u>264,576</u>
Total assets less current assets	<u>16,340,405</u>	<u>13,268,842</u>	<u>12,063,803</u>
Provisions for liabilities and charges	<u>(367,600)</u>	<u>(264,000)</u>	<u>(320,000)</u>
Deferred Income	<u>(1,105,705)</u>	<u>-</u>	<u>(981,930)</u>
Net assets	<u>14,867,100</u>	<u>13,004,842</u>	<u>10,761,873</u>
Capital and reserves			
Called up share capital	1,340,997	1,320,561	1,340,997
Share premium account	55,729	27,139	55,729
Profit and loss account	13,470,374	11,657,142	9,365,147
Shareholders' funds	<u>14,867,100</u>	<u>13,004,842</u>	<u>10,761,873</u>

Isles of Scilly Steamship Company Limited

Consolidated cash flow statement

For the period ended 30 September 2015

	6 months to 30 September 2015 £	6 months to 30 September 2014 £	Year to 31 March 2015 £
Net cash inflow from operating activities	117,881	761,339	3,665,268
Returns on investments and servicing of finance			
Interest received	6,553	7,476	9,735
Net cash inflow from returns on investments and servicing of finance	6,553	7,476	9,735
Taxation			
Corporation tax paid	-	-	(657)
	-	-	(657)
Capital expenditure			
Payments to acquire intangible fixed assets	-	-	(54,999)
Payments to acquire tangible fixed assets	(826,749)	(2,050,769)	(3,447,090)
Receipts from sales of tangible fixed assets	12,000	19,000	106,429
Receipts of government grants	159,889	-	1,024,623
Net cash outflow from capital expenditure	(654,860)	(2,028,708)	(2,237,037)
Equity dividends paid	-	-	(76,427)
(Decrease)/Increase in cash in the year	(530,426)	(1,262,954)	1,226,882

Isles of Scilly Steamship Company Limited

Notes to cash flow statement

For the period ended 30 September 2015

1. Reconciliation of operating profit to net cash inflow from operating activities

	6 months to 30 September 2015 £	Year to 31 March 2015 £
Operating profit	4,146,274	1,358,285
Depreciation, Amortisation and impairment changes	614,736	956,018
(Profit)/loss on disposal of fixed assets	(10,532)	(17,996)
Decrease/(increase) in stocks	(688,052)	146,313
(Increase)/decrease in debtors	(369,900)	(288,853)
(Decrease)/increase in creditors	(3,538,531)	1,554,194
Release in government grants	(36,114)	(42,693)
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Net cash inflow from operating activities	117,881	3,665,268
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2. Reconciliation of net cash flow to movement in net funds

	6 months to 30 September 2015 £	Year to 31 March 2015 £
(Decrease)/Increase in cash	(530,426)	1,226,882
	<hr/>	<hr/>
Movement in net funds in the year resulting from cash flows	(530,426)	1,226,882
Net funds at 1 April 2015	4,208,837	2,981,955
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Net funds at 30 September 2015	3,678,411	4,208,837
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3. Analysis of changes in net funds

	At 31 March 2015 £	Cash flow £	At 30 September 2015 £
Cash at bank and in hand	4,208,837	(530,426)	3,678,411
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	4,208,837	(530,426)	3,678,411
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Notes to the Financial Statements

For the period ended 30 September 2015

1. Basis of preparation

The interim report and accounts are unaudited. The consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2015 were approved by the Board on the 16 July 2015 and delivered to the Registrar of Companies. The report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

2. Profit and loss account

	6 months to 30 September 2015 £
At 31 March 2015	9,365,147
Profit for the period	4,105,227
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At 30 September 2015	13,470,374
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3. Reconciliation of movements in shareholders' funds

	6 months to 30 September 2015 £	Year to 31 March 2015 £
Profit for the period	4,105,227	1,326,582
Dividends	-	(125,453)
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New share capital subscribed	4,105,227	1,201,129
Premium on issue of shares	-	20,436
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Net addition to shareholders' funds	4,105,227	1,250,155
Opening shareholders' funds	10,761,873	9,511,718
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Closing shareholders' funds	14,867,100	10,761,873
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