

SUMMARY FINANCIAL STATEMENTS

6 month period ended 30 September 2018



Isles of Scilly Steamship Company Limited

**Isles of Scilly Steamship Company
Limited**

Summary Financial Statements

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Isles of Scilly Steamship Company Limited

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Isles of Scilly Steamship Company Limited

Directors' Report

Pleasingly, passenger numbers recovered throughout the main summer period; July & August 2018 were both record breaking months for the Company with 36,725 and 40,667 air and sea passengers respectively. For the first six months of 2018 overall numbers were 181,098 compared to 181,327 in the corresponding period last year. However, the weather at the season's commencement was particularly challenging and was directly responsible for the cancellation of 3 Scillonian III sailings, and the consequent effect on early season passenger numbers.

On the 15th May 2018 the Company commenced its scheduled helicopter service between Land's End Airport and St Mary's. Island Helicopters has received excellent feedback from passengers travelling, although numbers have been lower than budgeted. Overall, air passengers for the first six months were up 2.6% to 70,505 passengers (2017: 68,694 passengers).

At the start of the year the Board agreed to incremental, capital expenditure on upgrading the vessel Mali Rose's bridge control propulsion system. We have also carried out works on the ship's windlass, which was required as part of a classification survey.

Financial & Operational Review

Turnover for the half year ended 30 September 2018 increased by 7.2% (2017: 0.9%) to £14,505,000 (2017: £13,531,000). The higher yielding helicopter sales and the change in mix between air and sea passengers compared to the same period last year, contributed to the increase in turnover. Freight revenues, driven by higher volumes, increased by 3.9% (2017: 15.4%) during the period.

Gross profit decreased by 13.7% to £3,763,000 (2017: £4,359,000). Gross profit percentage also decreased to 25.9% (2017: 32.2%). Gross profit was affected by the losses incurred in the start-up of the helicopter service. Fuel prices have increased by 21.7% over the period, the effect of which has been partially mitigated by hedging contracts. Profit before tax at £3,819,000 was 13.6% lower than in the previous half year (2017: £4,422,000).

Outlook

Trading performance in the second half of the year is always significantly below the first half levels, due to the distinctive seasonal nature of the visitor market to the Isles of Scilly, there being a lower volume of traffic in the winter months. Turnover in the second half of the prior year was £3,925,000. As a result of lower than expected passenger numbers for the Winter period the Company agreed a contract variation to cease the scheduled helicopter service from the 5th November 2018. Island Helicopters will recommence scheduled flights on the 6th April 2019. It should be noted that the Company will incur a reduced fixed lease charge in the second half of the year, although without any attributable revenue. The Company has not disclosed this lease cost due to the commercially sensitive nature of the on-going negotiations. This lease charge has not been provided for in the profit and loss account to the 30th September 2018.

The Scillonian III entered Penzance Dry Dock in November to undergo her Winter maintenance schedule and five year classification survey. We do not anticipate expenditure above that budgeted as a result of the survey works. The Scillonian continues to be in excellent condition as a result of the Company's sustained investment in the vessel, and the hard work of the engineering staff.

On the 5th October 2018, and following a consultation period with staff, the Company closed Nike Engineering. Nike had seen a significant fall in external business activity in recent times. With a clearer focus on core activities it was with regret that the decision to close the business was taken. There will be cessation and redundancy costs incurred in the second half of the year.

Passenger numbers for October and November following the period under review were 1.6% up on the previous period, but still disappointingly below expectations. Winter periods remain a challenge for the Company and work alongside the Islands' Partnership, continues on stimulating business during the shoulder periods, as well as over Christmas and New Year. At the time of writing, advance -bookings for the remainder of the financial year are comparable to the prior period.

Finally, I would like to thank all the managers and staff for their continued hard work and commitment during a busy summer period.

Stuart Reid

Acting Managing Director
20th December 2018

Isles of Scilly Steamship Company Limited

Consolidated Profit and Loss Account

For the period ended 30 September 2018

	6 months to 30 September 2018 £	6 months to 30 September 2017 £	Year to 31 March 2018 £
Turnover	14,505,059	13,531,272	17,456,853
Cost of sales	(10,742,030)	(9,172,498)	(17,084,189)
Gross profit	3,763,028	4,358,774	372,664
Other operating income	46,537	54,295	93,583
Exceptional item	-	-	(633,447)
Operating profit	3,809,565	4,413,069	(167,200)
Other interest receivable and similar income	9,677	8,816	16,029
Profit on ordinary activities before taxation	3,819,243	4,421,885	(151,171)
Taxation	14,046	8,730	32,460
Profit on ordinary activities after taxation	3,833,288	4,430,615	(118,711)

Isles of Scilly Steamship Company Limited

Consolidated Balance Sheet

As at 30 September 2018

	30 September 2018 £	30 September 2017 £	31 March 2018 £
Fixed assets			
Intangible assets	421,736	353,835	375,709
Tangible assets	15,492,465	15,530,373	15,526,895
	<u>15,914,201</u>	<u>15,884,208</u>	<u>15,902,604</u>
Current assets			
Stocks	1,175,550	1,363,402	1,057,625
Debtors	2,585,755	2,088,512	2,257,661
Cash at bank and in hand	3,437,698	3,731,522	4,951,647
	<u>7,199,002</u>	<u>7,183,436</u>	<u>8,266,933</u>
Creditors: amounts falling due within one year	<u>(4,330,626)</u>	<u>(3,352,016)</u>	<u>(9,150,752)</u>
Net current assets / (liabilities)	<u>2,868,376</u>	<u>3,831,420</u>	<u>(883,819)</u>
Total assets less current assets / (liabilities)	18,782,578	19,715,628	15,018,785
Creditors: amounts falling due after more than one year	(897,812)	(986,712)	(953,262)
Provisions for liabilities and charges	(283,078)	(321,270)	(297,124)
Net assets	<u><u>17,601,687</u></u>	<u><u>18,407,646</u></u>	<u><u>13,768,399</u></u>
Capital and reserves			
Called up share capital	1,392,714	1,373,745	1,392,714
Share premium account	191,165	135,206	191,165
Profit and loss account	16,017,808	16,898,695	12,184,520
Total equity	<u><u>17,601,687</u></u>	<u><u>18,407,646</u></u>	<u><u>13,768,399</u></u>

Isles of Scilly Steamship Company Limited

Consolidated Statement of Cash Flows

For the period ended 30 September 2018

	6 months to 30 September 2018 £	6 months to 30 September 2017 £	Year to 31 March 2018 £
Net cash flow from operating activities	(826,217)	(247,837)	2,285,397
Returns on investments and servicing of finance			
Interest received	<u>9,677</u>	<u>8,816</u>	<u>16,029</u>
Net cash flow from returns on investments and servicing of finance	9,677	8,816	16,029
Taxation			
Corporation tax paid	<u>-</u>	<u>-</u>	<u>-</u>
Capital expenditure			
Acquisitions of tangible fixed assets	(658,053)	(1,079,949)	(2,194,988)
Proceeds from sale of tangible fixed assets	31,856	83	20,553
Acquisitions of intangible fixed assets	(71,213)	-	(135,832)
Receipts of government grants	<u>-</u>	<u>-</u>	<u>-</u>
Net cash outflow from capital expenditure	(697,410)	(1,079,866)	(2,310,267)
Dividends paid	-	-	(89,921)
Net (decrease)/increase in cash in the year	<u>(1,513,949)</u>	<u>(1,318,887)</u>	<u>(98,762)</u>

Isles of Scilly Steamship Company Limited

Notes to the Consolidated Statement of Cash Flows

For the period ended 30 September 2018

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

	6 months to 30 September 2018 £	Year to 31 March 2018 £
Profit / (loss) for the period	3,833,288	(118,711)
Depreciation, Amortisation and impairment changes	681,741	1,248,440
(Profit)/loss on disposal of fixed assets	4,071	13,424
Exceptional item	0	633,447
Finance income	(9,677)	(16,029)
Corporation tax expense	(14,046)	(32,460)
Decrease/(increase) in stocks	(117,925)	134,671
Decrease/(increase) in debtors	(328,094)	(105,292)
(Decrease)/increase in creditors	(4,842,126)	595,240
Release of government grants	(33,450)	(66,895)
Income taxes paid	-	(438)
Net cash flow from operating activities	<u>(826,217)</u>	<u>2,285,397</u>

2. Reconciliation of net cash flow to movement in net funds

	6 months to 30 September 2018 £	Year to 31 March 2018 £
(Decrease)/Increase in cash	<u>(1,513,949)</u>	<u>(98,762)</u>
Movement in net funds in the year resulting from cash flows	<u>(1,513,949)</u>	<u>(98,762)</u>
Opening net funds	<u>4,951,647</u>	<u>5,050,409</u>
Closing net funds	<u>3,437,698</u>	<u>4,951,647</u>

3. Analysis of changes in net funds

	At 31 March 2018 £	Cash flow £	At 30 September 2018 £
Cash at bank and in hand	4,951,647	(1,513,949)	3,437,698
	<u>4,951,647</u>	<u>(1,513,949)</u>	<u>3,437,698</u>

Isles of Scilly Steamship Company Limited

Notes to the Financial Statements

For the period ended 30 September 2018

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 2018 were approved by the Board on the 21st August 2018 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 2018 £
At 31 March 2018	12,184,520
Profit for the period	<u>3,833,288</u>
At 30 September 2018	<u><u>16,017,808</u></u>

3. Reconciliation of movements in shareholders' funds

	6 months to 30 September 2018 £	Year to 31 March 2018 £
Profit / (loss) for the period	3,833,288	(118,711)
Dividends	-	(164,849)
	<u>3,833,288</u>	<u>(283,560)</u>
New share capital subscribed	-	18,969
Premium on issue of shares	-	55,959
Net addition to shareholders' funds	<u>3,833,288</u>	<u>(208,632)</u>
Opening shareholders' funds	<u>13,768,399</u>	<u>13,977,031</u>
Closing shareholders' funds	<u><u>17,601,687</u></u>	<u><u>13,768,399</u></u>