

ISLES OF SCILLY STEAMSHIP COMPANY LIMITED

SUMMARY FINANCIAL STATEMENTS

6 month period ended 30 September 2019



Isles of Scilly Steamship Company Limited

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Isles of Scilly Steamship Company Limited

Directors' Report

The company has delivered an above-budget financial performance in the first 6 months, achieving a profit after tax of £4,643,000 (2018: £3,833,000). The emphasis at the AGM was on 'New Beginnings' and the interim financial results provide compelling evidence to this. Profit is not only above last year but also higher than the previous 2 years (2017: £4,431,000; 2016: £4,366,000) which demonstrates that careful monitoring of yields and control of costs is producing the desired financial results.

Passenger numbers reduced by 4.1% over the 6-month period to 175,927 (2018: 183,415) due in part to the breakdown of Scillonian III in August. Skybus passenger numbers were 70,645 (2018: 70,940) and Scillonian III transported 105,282 passengers (2018: 112,475).

It is pleasing to report that despite the Scillonian III breakdown, Shipping ended the 6-month period slightly above budget. Skybus performed very well and produced financial results that exceeded expectations. Land's End Airport and Island Carriers also performed well. Dry Dock ended the period below budget but in line with last year's figures and management are currently working on plans to improve the future profitability of this part of the business.

Financial & Operational Review

Turnover increased by 0.9% to £14,634,000 (2018: £14,505,000). Despite lower passenger numbers, passenger revenue increased by 2.8% to £11,557,000 (2018: £11,247,000) through generation of a higher yield.

Gross profit increased by 21.8% to £4,583,000 (2018: £3,763,000), the significant improvement being due to the company no longer incurring the costs associated with the helicopter service and the Nike Engineering losses this year. Excluding these discontinued operations, the comparable gross profit reduced by a marginal 0.5% due to rising costs, such as landing fees, and the Scillonian III breakdown which impacted the company through both lost margin on sales and compensation claims. Profit before tax increased by 21.9% to £4,655,000 (2018: £3,819,000) in line with the gross profit improvement.

On review of the balance sheet, Fixed Asset balances are broadly unchanged from year-end. £519,000 has been spent on capital expenditure, mostly in relation to investment in Gry Maritha to extend her useful life for at least the next 5 years. Capital Expenditure has been offset by depreciation of £653,000 to leave Fixed Assets £135,000 lower overall. Net assets are £3,564,000 lower than September last year due to the impairment of Mali Rose (£3,304,000).

Debtor balances are £724,000 lower than September last year due to strict credit control procedures. The additional cash generated was partly utilised to pay the helicopter exit fee settlement of £296,000 (as reflected in the lower provisions balance) and the balance has helped increase the cash position to £3,658,000 (2018: £3,437,000). Creditor balances have reduced by £210,000 since September last year, partly as a result of not having the helicopter lease creditor this year. Creditor balances always reduce significantly between March and September each year due to the high level of deferred income at year-end in relation to passengers having booked and paid but not yet travelled.

Outlook

Having generated a healthy, above-budget profit in the first 6 months, the company's attention has turned to retaining this position through the loss-making winter months in which the company not only receives significantly lower income, but also incurs high expenditure in maintaining its operational assets. Emphasis is on cost-control whilst not neglecting the winter maintenance schedules which continue to be given absolute priority to ensure the longevity and safety of both our aviation and marine assets.

Passenger revenue for the winter period is currently in line with last year. Skybus is targeted to reduce operational costs wherever possible and is currently implementing its strategy of moving to a single fleet which will improve efficiency and profitability.

The year-end Profit & Loss forecast presented at the AGM projected above-budget profits. This expectation has not changed and the company remains confident of ending the year with a positive financial result.

Judith Piper
Chief Financial Officer
12th December 2019

Isles of Scilly Steamship Company Limited

Consolidated Profit and Loss Account

For the period ended 30 September 2019

	6 months to 30 September 2019 £	6 months to 30 September 2018 £	Year to 31 March 2019 £
Turnover	14,633,784	14,505,059	18,507,447
Cost of sales	(10,050,162)	(10,742,030)	(19,553,759)
Gross profit	4,583,622	3,763,028	(1,046,312)
Other operating income	59,878	46,537	89,395
Exceptional item	-	-	(3,600,663)
Operating profit	4,643,500	3,809,565	(4,557,580)
Other interest receivable and similar income	11,421	9,677	17,835
Profit on ordinary activities before taxation	4,654,921	3,819,243	(4,539,745)
Taxation	(11,503)	14,046	243,685
Profit on ordinary activities after taxation	4,643,418	3,833,288	(4,296,060)

Isles of Scilly Steamship Company Limited

Consolidated Balance Sheet

As at 30 September 2019

	30 September 2019 £	30 September 2018 £	31 March 2019 £
Fixed assets			
Intangible assets	488,030	421,736	496,930
Tangible assets	11,829,424	15,492,465	11,955,651
	<u>12,317,454</u>	<u>15,914,201</u>	<u>12,452,581</u>
Current assets			
Stocks	1,238,267	1,175,550	1,142,802
Debtors	1,861,557	2,585,755	2,317,170
Cash at bank and in hand	3,658,835	3,437,698	4,124,589
	<u>6,758,659</u>	<u>7,199,002</u>	<u>7,584,561</u>
Creditors: amounts falling due within one year	(4,120,045)	(4,330,626)	(9,407,566)
Net current assets / (liabilities)	<u>2,638,614</u>	<u>2,868,376</u>	<u>(1,823,005)</u>
Total assets less current assets / (liabilities)	14,956,068	18,782,578	10,629,576
Creditors: amounts falling due after more than one year	(854,293)	(897,812)	(886,367)
Provisions for liabilities and charges	(64,523)	(283,078)	(349,375)
Net assets	<u><u>14,037,252</u></u>	<u><u>17,601,687</u></u>	<u><u>9,393,834</u></u>
Capital and reserves			
Called up share capital	1,411,306	1,392,714	1,411,306
Share premium account	247,239	191,165	247,239
Profit and loss account	12,378,707	16,017,808	7,735,289
Total equity	<u><u>14,037,252</u></u>	<u><u>17,601,687</u></u>	<u><u>9,393,834</u></u>

Isles of Scilly Steamship Company Limited

Consolidated Statement of Cash Flows

For the period ended 30 September 2019

	6 months to 30 September 2019 £	6 months to 30 September 2018 £	Year to 31 March 2019 £
Net cash flow from operating activities	18,858	(826,217)	51,093
Returns on investments and servicing of finance			
Interest received	<u>11,421</u>	<u>9,677</u>	<u>17,835</u>
Net cash flow from returns on investments and servicing of finance	11,421	9,677	17,835
Taxation			
Corporation tax paid	<u>-</u>	<u>-</u>	<u>-</u>
Capital expenditure			
Acquisitions of tangible fixed assets	(501,668)	(658,053)	(983,748)
Proceeds from sale of tangible fixed assets	23,301	31,856	35,662
Acquisitions of intangible fixed assets	(17,666)	(71,213)	(165,747)
Receipts of government grants	<u>-</u>	<u>-</u>	<u>-</u>
Net cash outflow from capital expenditure	(496,032)	(697,410)	(1,113,833)
Dividends paid	-	-	(78,505)
Net (decrease)/increase in cash in the year	<u>(465,754)</u>	<u>(1,513,949)</u>	<u>(1,123,410)</u>

Isles of Scilly Steamship Company Limited

Notes to the Consolidated Statement of Cash Flows

For the period ended 30 September 2019

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

	6 months to 30 September 2019 £	Year to 31 March 2019 £
Profit / (loss) for the period	4,643,418	(4,296,060)
Depreciation, Amortisation and impairment changes	653,065	1,255,473
(Profit)/loss on disposal of fixed assets	(21,905)	4,071
Exceptional item	0	3,304,311
Finance income	(11,421)	(17,835)
Corporation tax expense	11,503	(243,685)
Decrease/(increase) in stocks	(95,465)	(85,177)
Decrease/(increase) in debtors	455,613	(59,508)
(Decrease)/increase in creditors	(5,583,876)	256,814
Release of government grants	(32,074)	(66,895)
Income taxes paid	-	(416)
Net cash flow from operating activities	<u>18,858</u>	<u>51,093</u>

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

	6 months to 30 September 2019 £	Year to 31 March 2019 £
(Decrease)/Increase in cash	<u>(465,754)</u>	<u>(827,058)</u>
Movement in net funds in the year resulting from cash flows	<u>(465,754)</u>	<u>(827,058)</u>
Opening net funds	<u>4,124,589</u>	<u>4,951,647</u>
Closing net funds	<u>3,658,835</u>	<u>4,124,589</u>

3. Analysis of changes in net funds

	At 31 March 2019 £	Cash flow £	At 30 September 2019 £
Cash at bank and in hand	<u>4,124,589</u>	<u>(465,754)</u>	<u>3,658,835</u>
	<u>4,124,589</u>	<u>(465,754)</u>	<u>3,658,835</u>

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Notes to the Financial Statements

For the period ended 30 September 2019

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 2019 were approved by the Board on the 24th July 2019 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 2019 £
At 31 March 2019	7,735,289
Profit for the period	4,643,418
At 30 September 2019	<u>12,378,707</u>

3. Reconciliation of movements in shareholders' funds

	6 months to 30 September 2019 £	Year to 31 March 2019 £
Profit / (loss) for the period	4,643,418	(4,296,060)
Dividends	-	(153,171)
	<u>4,643,418</u>	<u>(4,449,231)</u>
New share capital subscribed	-	18,592
Premium on issue of shares	-	56,074
Net addition to shareholders' funds	4,643,418	(4,374,565)
Opening shareholders' funds	9,393,834	13,768,399
Closing shareholders' funds	<u>14,037,252</u>	<u>9,393,834</u>