

SUMMARY FINANCIAL STATEMENTS

6 month period ended 30 September 2017

Isles of Scilly Steamship Company Limited

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Directors' Report

Introduction

During the first six months of 2017 the Company experienced further growth in its operational activities for the fourth consecutive summer season. The period was notable for the detailed work on a number of projects of strategic importance. The most significant of which has been the on-going refit of the Mali Rose freight ship which, it is planned, will replace the Gry Maritha. The Mali Rose upgrade has taken longer than expected but she will not enter service until such time that we are certain that she's fit for the highly specialised purpose for which she was purchased. Work also continued at Land's End Airport to gain full approval from the Civil Aviation Authority for GPS-based instrument landings (known as EGNOS) on its four hard runways which is designed to improve the weather resilience of Skybus flights when there is limited visibility. We now have three of the four runways completed and training of our pilots commenced this Autumn. We continue to make improvements to our new reservation system with the release of the online Travel Club portal which allows members to book discounted travel online for the first time.

Financial & Operational Review

Turnover for the half year ended 30 September 2017 increased by 0.9% (2016: 2.7%) to £13,531,272 (2016: £13,412,936). Total passenger numbers increased by 3.3% across all modes for the period with a corresponding increase in passenger revenue of 4.0%. Freight revenue increased during the period by 15.4% driven by volume as freight prices were held at the 2016 rates. Fuel sales decreased by 20% during the period due to a strategic decision to divest from the purchase and resale of gas oil and disappointing forecourt sales at Nike Engineering.

Gross Profit decreased by 0.2% to £4,358,774 (2016: £4,366,394). Gross profit percentage for the period decreased to 32.2% (2016: 32.6%) but was impacted by an exceptional increase in professional fees of £95,000. The Group continues to focus on improving efficiencies. Profit before tax at £4,421,885 was 0.9% higher than in the previous half year (2016: £4,381,208). 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 £396,560 to £15,884,208 as a result of further improvements to the Mali Rose and our reservation system. Cash held at the end of the first half decreased by £1,318,887 over the past six months to £3,731,522. Continued significant cash outflow on the acquiring of fixed assets including the Mali Rose was a contributing factor to this decrease in cash. Group net assets increased to £18,407,646 at 30 September 2017 compared to £13,977,031 at 31 March 2017.

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 and there is therefore a low volume of traffic in the winter months. Turnover in the second half of the previous year was £3,681,450.

Passenger numbers for the historically very much quieter months of October and November, following the period under review, were disappointing with year on year decreases of 8.3% and 3.3% respectively. Significant weather disruption around peak travel times was a considerable factor with passengers opting to cancel rather than amend bookings. The implementation of EGNOS will improve the resilience of flight operations on marginal weather disrupted days. Bookings for the remainder of the financial year are comparable to the previous period at the date of this report.

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

Mark Howarth
Managing Director
14 December 2017

Isles of Scilly Steamship Company Limited

Consolidated Profit and Loss Account

For the period ended 30 September 2017

	6 months to 30 September 2017 £	6 months to 30 September 2016 £	Year to 31 March 2017 £
Turnover	13,531,272	13,412,936	17,094,386
Cost of sales	(9,172,498)	(9,046,542)	(15,689,474)
Gross profit	4,358,774	4,366,394	1,404,912
Other operating income	54,295	-	114,401
Operating profit	4,413,069	4,366,394	1,519,313
Other interest receivable and similar income	8,816	14,814	20,678
Profit on ordinary activities before taxation	4,421,885	4,381,208	1,539,991
Taxation	8,730	(15,072)	25,562
Profit on ordinary activities after taxation	4,430,615	4,366,136	1,565,553

Isles of Scilly Steamship Company Limited

Consolidated Balance Sheet

As at 30 September 2017

	30 September 2017 £	30 September 2016 £	31 March 2017 £
Fixed assets			
Intangible assets	353,835	37,582	319,838
Tangible assets	15,530,373	13,889,154	15,167,810
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	15,884,208	13,926,736	15,487,648
	<hr/>	<hr/>	<hr/>
Current assets			
Stocks	1,363,402	1,312,644	1,192,296
Debtors	2,088,512	1,759,786	2,152,369
Cash at bank and in hand	3,731,522	4,608,102	5,050,409
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	7,183,436	7,680,532	8,395,074
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Creditors: amounts falling due within one year	(3,352,016)	(3,336,321)	(8,555,534)
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Net current assets	3,831,420	4,344,210	(160,460)
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Total assets less current assets	19,715,628	18,270,946	15,327,188
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Provisions for liabilities and charges	(321,270)	(371,072)	(330,000)
Deferred Income	(986,712)	(1,029,491)	(1,020,157)
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Net assets	18,407,646	16,870,383	13,977,031
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Capital and reserves			
Called up share capital	1,373,745	1,358,631	1,373,745
Share premium account	135,206	93,642	135,206
Profit and loss account	16,898,695	15,418,110	12,468,080
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Shareholders' funds	18,407,646	16,870,383	13,977,031
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Isles of Scilly Steamship Company Limited

Consolidated Statement of Cash Flows

For the period ended 30 September 2017

	6 months to 30 September 2017 £	6 months to 30 September 2016 £	Year to 31 March 2017 £
Net cash inflow from operating activities	(247,837)	1,388,858	4,027,707
Returns on investments and servicing of finance			
Interest received	8,816	14,814	20,678
Net cash inflow from returns on investments and servicing of finance	8,816	14,814	20,678
Taxation			
Corporation tax paid	-	-	-
Capital expenditure			
Payments to acquire intangible fixed assets	-	-	(297,679)
Payments to acquire tangible fixed assets	(1,079,949)	(2,390,454)	(4,201,033)
Receipts from sales of tangible fixed assets	83	100,000	98,621
Receipts of government grants	-	-	-
Net cash outflow from capital expenditure	(1,079,866)	(2,290,454)	(4,400,091)
Equity dividends paid	-	-	(92,769)
(Decrease)/Increase in cash in the year	(1,318,887)	(886,782)	(444,475)

Isles of Scilly Steamship Company Limited

Notes to the Consolidated Statement of Cash Flows

For the period ended 30 September 2017

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

	6 months to 30 September 2017 £	Year to 31 March 2017 £
Operating profit	4,413,069	1,519,313
Depreciation, Amortisation and impairment changes	671,525	1,165,891
(Profit)/loss on disposal of fixed assets	11,792	(32,182)
Decrease/(increase) in stocks	(171,106)	99,068
(Increase)/decrease in debtors	63,857	(263,574)
(Decrease)/increase in creditors	(5,203,518)	1,602,270
Release in government grants	(33,456)	(62,641)
Income taxes paid	0	(438)
Net cash inflow from operating activities	<u>(247,837)</u>	<u>4,027,707</u>

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

	6 months to 30 September 2017 £	Year to 31 March 2017 £
(Decrease)/Increase in cash	<u>(1,318,887)</u>	<u>(444,475)</u>
Movement in net funds in the year resulting from cash flows	(1,318,887)	(444,475)
Net funds at 1 April 2017	<u>5,050,409</u>	<u>5,494,884</u>
Net funds at 30 September 2017	<u>3,731,522</u>	<u>5,050,409</u>

3. Analysis of changes in net funds

	At 31 March 2017 £	Cash flow £	At 30 September 2017 £
Cash at bank and in hand	5,050,409	(1,318,887)	3,731,522
	<u>5,050,409</u>	<u>(1,318,887)</u>	<u>3,731,522</u>

Notes to the Financial Statements

For the period ended 30 September 2017

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 2017 were approved by the Board on the 20th July 2017 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 2017 £
At 31 March 2017	12,468,080
Profit for the period	4,430,615
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At 30 September 2017	16,898,695
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3. Reconciliation of movements in shareholders' funds

	6 months to 30 September 2017 £	Year to 31 March 2017 £
Profit for the period	4,430,615	1,565,553
Dividends	-	(149,447)
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New share capital subscribed	4,430,615	1,416,106
Premium on issue of shares	-	15,114
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Premium on issue of shares	-	41,564
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Net addition to shareholders' funds	4,430,615	1,472,784
Opening shareholders' funds	13,977,031	12,504,247
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Closing shareholders' funds	18,407,646	13,977,031
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