

SUMMARY FINANCIAL STATEMENTS

6 month period ended 30 September 2020



Isles of Scilly Steamship Company Limited

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Isles of Scilly Steamship Company Limited

Directors' Report

The first 6 months of 2020 has been challenging for the Company due to the onset of Covid-19 just prior to the start of the financial year. The original budget set for the year had to be revised and expectations of passenger numbers and freight volumes were significantly lowered.

Following discussions with the Department for Transport, the Company secured £3.83m grant funding, subject to meeting certain operational conditions, to support the lifeline operation over the lockdown period of April to June 2020. The Company also took full advantage of the Job Retention Scheme and implemented strict cost control to reduce the financial impact.

Once lockdown restrictions eased on 4 July, the Company saw activity steadily increase over the next 3 months. Passenger numbers were 57,027 compared to 176,000 for the same period last year, a fall of 68%. Skybus passenger numbers were 19,864 (2019: 70,923) and Scillonian III passenger numbers were 37,161 (2019: 105,077). Freight volumes averaged 65% when compared to the same period last year.

Notwithstanding the difficulties faced over the first 6 months, the Company achieved a profit after tax of £3,435,000 (2019: £4,643,000). Despite the profitable performance, the reduction in profit of £1,208,000 is of significant concern. The high-fixed costs of the Winter lifeline operation are supported by profits generated from the first half of the year which are 26% lower in the year under review.

Financial & Operational Review

Turnover reduced by 58% to £6,102,000 (2019: £14,634,000) as a result of the significantly reduced passenger numbers and freight volumes. Cost of sales reduced by 35% to £6,533,000 (2019: £10,050,000) but despite reducing costs, the Company could not match the fall in revenue due to having a high fixed cost base. As a result, the Company made a gross loss over the first 6 months of £431,000 (2019 gross profit: £4,584,000).

The Government lifeline grant funding of £3,832,000 is shown separately in the accounts. This funding offset the losses incurred during the lockdown and assisted with the cash pressures encountered including the many thousands of refund requests, all of which have been repaid.

On review of the balance sheet, Fixed Assets increased largely due to the transfer of one of our Twin Otter aircraft from an operating lease to a finance lease (aircraft asset increase of £2.6m). This lease transfer improves both the cash and profit and loss position for the Company. Capital expenditure significantly reduced over the 6 months compared to last year with only £110,000 expenditure incurred on the vessels and aircraft engines (2019: £519,000). Depreciation for the period was £592,000 (2019: £653,000) resulting in Fixed Assets being £2,140,000 higher than year-end March 2020.

Debtor balances were £197,000 lower than September last year due to reduced volumes and strict credit control procedures. Creditors under 1 year increased by £1,200,000 since last September, mostly as a result of the Covid-19 lockdown whereby £740,000 of bookings planned for April to June 2020 were still held pending booking confirmation having been rolled forward by passengers. In addition, 1 year of the finance lease costs of the Twin Otter (£249,000) are included this year. Creditor balances over 1 year increased by £2,200,000 from last September due to the finance lease.

Outlook

The significantly reduced level of profit generated over the first 6 months coupled with Lockdown 2.0 means the Company is forecast to return a small loss for the financial year. Over Winter not only is the Company facing significantly reduced passenger numbers, but expenditure needs to be incurred to maintain operational assets. Due to the unprecedented uncertainty as a result of Covid-19, emphasis continues to be on cost-control whilst ensuring there is no detriment to maintenance plans which continue to be given absolute priority in order to ensure the safety and longevity of both our aviation and marine assets.

In order to minimise the losses at year-end, the Company has been implementing cost-saving measures over winter, including maximum use of the extended Job Retention Scheme as well as restructures across the Group. Some cost saving measures will continue into next year in order to strengthen the Company's position against the potential further impact of Covid-19 in 2021-22.

Stuart Reid
Chief Executive Officer
22nd December 2020

Isles of Scilly Steamship Company Limited

Consolidated Profit and Loss Account

For the period ended 30 September 2020

	6 months to 30 September 2020 £	6 months to 30 September 2019 £	Year to 31 March 2020 £
Turnover	6,102,034	14,633,784	18,408,054
Cost of sales	(6,533,073)	(10,050,162)	(17,472,833)
Gross profit/(loss)	(431,039)	4,583,622	935,221
Other operating income	62,067	59,878	73,908
Government grant	3,832,000	-	-
Operating profit	3,463,028	4,643,500	1,009,129
Other interest receivable and similar income	5,146	11,421	21,363
Interest payable and similar charges	(33,588)	-	(7,291)
Profit on ordinary activities before taxation	3,434,586	4,654,921	1,023,201
Taxation	-	(11,503)	(22,275)
Profit on ordinary activities after taxation	3,434,586	4,643,418	1,000,926

Isles of Scilly Steamship Company Limited

Consolidated Balance Sheet

As at 30 September 2020

	Notes	30 September 2020 £	30 September 2019 £	31 March 2020 £
Fixed assets				
Intangible assets		449,466	488,030	476,847
Tangible assets		<u>13,205,119</u>	<u>11,829,424</u>	<u>11,037,843</u>
		<u>13,654,584</u>	<u>12,317,454</u>	<u>11,514,690</u>
Current assets				
Stocks		1,228,623	1,238,267	1,211,086
Debtors		1,664,409	1,861,557	1,652,308
Cash at bank and in hand	5	<u>5,878,318</u>	<u>3,658,835</u>	<u>3,650,460</u>
		<u>8,771,350</u>	<u>6,758,659</u>	<u>6,513,854</u>
Creditors: amounts falling due within one year		(5,337,098)	(4,120,045)	(6,689,435)
Net current assets / (liabilities)		<u>3,434,252</u>	<u>2,638,614</u>	<u>(175,581)</u>
Total assets less current assets / (liabilities)		17,088,837	14,956,068	11,339,109
Creditors: amounts falling due after more than one year		(3,054,609)	(854,293)	(819,467)
Provisions for liabilities and charges		(204,882)	(64,523)	(124,882)
Net assets		<u><u>13,829,346</u></u>	<u><u>14,037,252</u></u>	<u><u>10,394,760</u></u>
Capital and reserves				
Called up share capital		1,411,306	1,411,306	1,411,306
Share premium account		247,239	247,239	247,239
Profit and loss account	2	<u>12,170,801</u>	<u>12,378,707</u>	<u>8,736,215</u>
Total equity	3	<u><u>13,829,346</u></u>	<u><u>14,037,252</u></u>	<u><u>10,394,760</u></u>

Isles of Scilly Steamship Company Limited

Consolidated Statement of Cash Flows

For the period ended 30 September 2020

	Notes	6 months to 30 September 2020 £	6 months to 30 September 2019 £	Year to 31 March 2020 £
Net cash flow from operating activities	4	2,453,525	18,858	(117,268)
Returns on investments and servicing of finance				
Interest received		5,146	11,421	21,363
Interest paid		(33,588)	-	(7,291)
Net cash flow from returns on investments and servicing of finance		(28,442)	11,421	14,072
Capital expenditure				
Acquisitions of tangible fixed assets		(2,726,848)	(501,668)	(700,428)
Proceeds from sale of tangible fixed assets		18,000	23,301	367,681
Acquisitions of intangible fixed assets		(4,617)	(17,666)	(38,186)
Receipts of government grants		-	-	-
Net cash outflow from capital expenditure		(2,713,465)	(496,032)	(370,933)
Financing activities				
Finance lease advanced		2,620,000	-	-
Repayment of finance lease liabilities		(103,760)	-	-
Net cash inflow from financing activities		2,516,240	-	-
Net (decrease)/increase in cash in the year		2,227,858	(465,754)	(474,129)
Cash at bank and in hand at the start of period		3,650,460	4,124,589	4,124,589
Net (decrease)/increase in cash in the year		2,227,858	(465,754)	(474,129)
Cash at bank and in hand at the end of the period		5,878,318	3,658,835	3,650,460

Isles of Scilly Steamship Company Limited

Notes to the Financial Statements

For the period ended 30 September 2020

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 2020 were approved by the Board on the 15th July 2020 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 2020 £
At 31 March 2020	8,736,215
Profit for the period	<u>3,434,586</u>
At 30 September 2020	<u><u>12,170,801</u></u>

3. Reconciliation of movements in shareholders' funds

	6 months to 30 September 2020 £	Year to 31 March 2020 £
Profit / (loss) for the period	3,434,586	1,000,926
Dividends	<u>-</u>	<u>-</u>
	3,434,586	1,000,926
New share capital subscribed	<u>-</u>	<u>-</u>
Net addition to shareholders' funds	3,434,586	1,000,926
Opening shareholders' funds	10,394,760	<u>9,393,834</u>
Closing shareholders' funds	<u><u>13,829,346</u></u>	<u><u>10,394,760</u></u>

Isles of Scilly Steamship Company Limited

Notes to the Consolidated Statement of Cash Flows

For the period ended 30 September 2020

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

	6 months to 30 September 2020 £	Year to 31 March 2020 £
Profit / (loss) for the period	3,434,586	1,000,926
Depreciation and amortisation	591,569	1,215,737
(Profit)/loss on disposal of fixed assets	(18,000)	93,087
Finance income	(5,146)	(21,363)
Finance costs	33,588	7,291
Corporation tax expense	-	22,275
Decrease/(increase) in stocks	(17,537)	(68,284)
Decrease/(increase) in debtors	(12,947)	664,863
(Decrease)/increase in creditors	(1,600,514)	(2,718,132)
(Decrease)/increase in provisions	80,000	(246,352)
(Decrease)/increase in government grants	(32,074)	(66,900)
Corporation tax paid	-	(416)
Net cash flow from operating activities	<u>2,453,525</u>	<u>(117,268)</u>

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

	6 months to 30 September 2020 £	Year to 31 March 2020 £
(Decrease)/Increase in cash	<u>2,227,858</u>	<u>(474,129)</u>
Movement in net funds in the year resulting from cash flows	<u>2,227,858</u>	<u>(474,129)</u>
Opening net funds	<u>3,650,460</u>	<u>4,124,589</u>
Closing net funds	<u>5,878,318</u>	<u>3,650,460</u>