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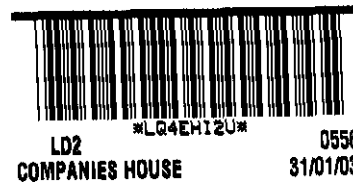
COMPANY NUMBER 960421

The Lundy Company Limited

Report and Financial Statements

Year Ended

31 March 2002



BDO Stoy Hayward
Chartered Accountants

THE LUNDY COMPANY LIMITED

Annual report and financial statements for the year ended 31 March 2002

Page:

1	Report of the directors
3	Report of the independent auditors
4	Profit and loss account
5	Balance sheet
6	Notes forming part of the financial statements

Directors

B E E Smith
Christian Lady Smith

Secretary and registered office

P H Pearce, Shottesbrooke, Maidenhead, Berkshire SL6 3SW

Company number

960421

Auditors

BDO Stoy Hayward, Emerald House, East Street, Epsom, Surrey KT17 1HS

THE LUNDY COMPANY LIMITED

Report of the directors for the year ended 31 March 2002

The directors present their report together with the audited financial statements for the year ended 31 March 2002.

Results and dividends

The profit and loss account is set out on page 4 and shows the result for the year.

The directors are unable to recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is the administration of the Island of Lundy and the carrying out of a programme of improvements on the Island.

The directors expect the current level of activity to continue.

Directors

The directors of the company during the year were:

B E E Smith
Christian Lady Smith

No director had any interest in the ordinary shares of the company.

Christian Lady Smith is also a director of the ultimate parent company, The Landmark Trustee Company Limited, and her membership of that company is shown in its financial statements.

THE LUNDY COMPANY LIMITED

Report of the directors for the year ended 31 March 2002 *(Continued)*

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

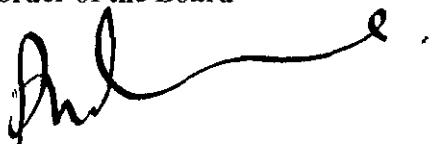
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



Secretary

Date:

12/1/03

THE LUNDY COMPANY LIMITED

Report of the independent auditors

To the members of The Lundy Company Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and independent auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

This report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
Epsom, Surrey

Date: 29 January 2003

THE LUNDY COMPANY LIMITED**Profit and loss account for the year ended 31 March 2002**

	Notes	2002 £	2001 £
Turnover	2	1,225,170	1,085,637
Cost of sales		(301,548)	(239,538)
Gross profit		923,622	846,099
Administrative expenses		(1,102,216)	(938,440)
Other operating income		111,799	85,732
Profit on sale of fixed assets		3,457	4,180
Operating loss	5	(63,338)	(2,429)
Interest payable and similar charges	6	(1,919)	(7,798)
Retained loss for the year		(65,257)	(10,227)
Retained loss brought forward		(1,956,792)	(1,946,565)
Retained loss carried forward		(2,022,049)	(1,956,792)

All amounts relate to continuing activities.

There were no recognised gains or losses other than the loss for the year as shown above.

The notes on pages 6 to 10 form part of these financial statements.

THE LUNDY COMPANY LIMITED

Balance sheet at 31 March 2002

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	8		3,233,326		3,214,493
Current assets					
Stocks	9	79,730		82,241	
Prepayments and accrued income		62,062		41,013	
Cash in hand		2,360		2,060	
		144,152		125,314	
Creditors: amounts falling due within one year	10	674,102		589,840	
Net current liabilities			(529,950)		(464,526)
Total assets less current liabilities			2,703,376		2,749,967
Creditors: amounts falling due after more than one year	11		(4,725,325)		(4,706,659)
			(2,021,949)		(1,956,692)
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		(2,022,049)		(1,956,792)
Equity shareholders' funds			(2,021,949)		(1,956,692)

The financial statements were approved by the Board on 22/1/03



Director

The notes on pages 6 to 10 form part of these financial statements.

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2002

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the valuation of livestock and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents the amounts excluding value added tax, receivable by the company for the goods and services provided on the island.

Grants receivable

Grants receivable in respect of capital projects are credited to the balance sheet as deferred income. The balance of the grant is subsequently released to the profit and loss account in proportion to the depreciation charged against the relevant assets.

Revenue grants are taken to the profit and loss account in the period in which they are receivable.

Tangible fixed assets

Additions to tangible fixed assets are stated at cost. Assets acquired prior to 1 April 1999 are stated at their carrying value as at that date.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. Assets under construction at the year end are stated at cost, depreciation will be provided once the assets are complete. It is calculated at the following rates:

Leasehold buildings	- over the term of the lease
Jetty	- 50 years
Road	- 30 years
Island Infrastructure	- 5 – 25 years
Plant and fittings	- 3 – 10 years
Shipping	- 5 – 15 years

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal. The exception is the valuation of livestock which is based upon an annual valuation.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2002 (*Continued*)

3 Employees

	2002 £	2001 £
Staff costs consist of:		
Wages and salaries (including pension costs)	448,500	390,043
Social security costs	28,520	26,029
	<u>477,020</u>	<u>416,072</u>

The average number of employees, including directors and pensioners during the year was 45 (2001 - 44).

4 Directors

	2002 £	2001 £
Directors' emoluments	-	-

5 Operating loss

	2002 £	2001 £
This has been arrived at after charging/(crediting):		
Depreciation	183,005	149,381
Auditors' remuneration	6,500	5,500
Profit on sale of fixed assets	(3,457)	(4,180)
Grant	(111,799)	(85,732)

6 Interest payable and similar charges

	2002 £	2001 £
Bank overdraft	1,919	7,798

7 Taxation on profit from ordinary activities

There is no provision for taxation due to losses at 31 March 2002 of £1.78 million (2001 - £1.76 million), available for offset against future trading profits.

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2002 (*Continued*)

8 Tangible assets

	Assets under construction	Long leasehold buildings/ road/Island infrastructure	Jetty	Plant, fixtures and fittings	Shipping	Total
	£	£	£	£	£	£
<i>Cost or valuation</i>						
At 1 April 2001	646,620	1,009,159	1,223,736	454,557	863,608	4,197,680
Addition	-	142,370	20,345	30,227	10,157	203,099
Disposals	-	-	-	(3,981)	-	(3,981)
Transfers	(646,620)	646,620	-	-	-	-
At 31 March 2002	-	1,798,149	1,244,081	480,803	873,765	4,396,798
<i>Depreciation</i>						
At 1 April 2001	-	134,072	40,092	351,210	457,813	983,187
Charge in year	-	53,463	24,882	49,546	55,114	183,005
Disposals	-	-	-	(2,720)	-	(2,720)
At 31 March 2002	-	187,535	64,974	398,036	512,927	1,163,472
<i>Net book value</i>						
At 31 March 2002	-	1,610,614	1,179,107	82,767	360,838	3,233,326
At 31 March 2001	646,620	875,087	1,183,644	103,347	405,795	3,214,493

9 Stocks

	2002 £	2001 £
Goods held for resale	74,313	72,861
Raw materials	5,417	9,380
	79,730	82,241

There is no material difference between the replacement cost of stocks and the amounts stated above.

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2002 (*Continued*)

10 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank overdraft	125,116	131,548
Trade creditors	107,199	77,010
Taxation and social security	10,358	38,888
Other creditors	233,701	201,428
Accruals and deferred income	197,728	140,966
	<u>674,102</u>	<u>589,840</u>

As the company undertakes charitable activities on behalf of The Landmark Trust, an overdraft facility of £200,000 has been guaranteed by The Landmark Trust enabling the company to meet its debts when they fall due.

11 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Loan from The Landmark Trust	1,919,203	1,911,646
Deferred income	2,806,122	2,795,013
	<u>4,725,325</u>	<u>4,706,659</u>

The loan from The Landmark Trust is wholly due after more than five years.

12 Share capital

	Authorised		2001 £
	2002 Number	2001 Number	
Ordinary shares of £1 each	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		2001 £
	2002 Number	2001 Number	
Ordinary shares of £1 each	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2002(Continued)

13 Reserves

	Profit and loss account £
At 1 April 2001	(1,956,792)
Retained loss for year	(65,257)
At 31 March 2002	(2,022,049)

14 Ultimate parent company

At 31 March 2002 the company's ultimate parent undertaking was The Landmark Trustee Company Limited, a company registered in England.